Ministry of
Government
Services

Ministère des Services
Gouvernementaux

Registration Division
Division de l'enregistrement

2005

Annual Charge Book
Cahier des charges
Standard charge terms
Clause types de charge

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Division de l'enregistrement
Ministère des Services Gouvernementaux

STANDARD CHARGE TERMS 2005 - CLAUSES TYPES DE CHARGE DEPOSEES EN 2005

CONTROL SHEET-FEUILLE DE CONTROLE

106-04128/

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Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 2005 01 Cote
Filing Date JAN. 6th/05 Date de Dépôt
Page 1 of/de 21 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by
LOMBARD GENERAL INSURANCE COMPANY OF CANADA

Filing Date:
Filing Number:

The following Set of Standard Charge Terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of The Land Registration Reform Act R.S.O. 1990, as amended, except to the extent that the provisions of this set of standard charge terms are modified by any additions, amendments or deletions expressly provided for or stipulated in such charge, or in any schedule(s) annexed thereto.

DEFINITIONS

In addition to any other words, terms or phrases specifically defined elsewhere in these standard charge terms, the words, terms or phrases set out below shall have the meanings respectively ascribed to them as follows, whenever same are used or referred to in these standard charge terms, namely:

"**Charge**" shall mean the charge/mortgage of land which specifically incorporates these standard charge terms by expressly referencing the filing number of same therein, together with any schedules attached thereto, and as may be amended, extended or renewed from time to time with the written consent of the Chargee;

"**Charged Premises**" shall have the meaning as defined in paragraph 2 of these standard charge terms;

"**Chargee**" shall mean Lombard General Insurance Company of Canada and/or any other mortgagee(s) or chargee(s) expressly described or defined as such in the Charge;

"**Chargor**" shall mean the mortgagor(s) or chargor(s) described or defined as such in the Charge;

"**Claims**" shall have the meaning as defined in paragraph 5(h) of these standard charge terms;

"**Commitment Letter**" shall mean the commitment letter issued by or on behalf of the Chargee, and duly accepted by or on behalf of the Chargor, as may be amended from time to time by the mutual agreement of both the Chargor and the Chargee;

"**Condominium Corporation**" shall have the meaning as defined in paragraph 29(a) of these standard charge terms;

"**Condominium Project**" shall mean the residential condominium being developed by or on behalf of the Chargor on the Property (as such term is hereinafter defined), or on any portion thereof;

"**Construction Mortgage**" shall have the meaning as defined in paragraph 24 of these standard charge terms;

"**Construction Mortgagee**" shall have the meaning as defined in paragraph 24 of these standard charge terms;

"**E-Reg**" shall mean the "**Teraview Electronic Registration System**" referred to in paragraph 28 of these standard charge terms;

"**Indebtedness**" shall have the meaning as defined in paragraph 1 (a) of these standard charge terms;

"**Indemnity Agreement**" shall mean the indemnity agreement entered into by the Chargor as the principal, with or without the Chargor and/or any other party or parties described therein as the indemnitor(s), to and in favour of the Chargee as the surety, as may be amended from time to time by the mutual agreement of the Chargee and the Chargor, and all other indemnitors, as the case may be;

"**Leases**" shall have the meaning as defined in paragraph 2(b) of these standard charge terms;

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"Permitted Encumbrances" shall mean those interests, charges, agreements, instruments and/or encumbrances in respect of the Property as are more particularly listed below, and any others which are approved by the Chargee and expressly described in one or more schedules to the Charge, namely;

a) inchoate liens for realty taxes, utilities and local improvement charges affecting the Property, and all other charges pursuant to any applicable site plan or development agreement(s) in respect of the Property, provided any or all of the foregoing are not yet due and payable;

b) the reservations, limitations, provisos and conditions expressed in any original grant(s) of the Property (or any portion thereof) from the Crown, as may be varied by statute, provided same have been complied with;

c) any and all restrictions, easements, rights of way and other similar rights and agreements affecting the Property (including without limitation, any easements for the installation, maintenance and/or repair of sewers, drains, gas and water mains, hydro-electricity, telephone and/or cable television conduits, wires and cables, and all appurtenances thereto) which, in the opinion of the Chargee, do not (and will not) individually, or in the aggregate, materially impair the development of the Condominium Project on the Property or the Chargee's security with respect to same, or the value or use of the Property, and provided further that the obligations, if any, of the Chargor thereunder (or in connection therewith) are being complied with;

d) zoning and building restrictions, and municipal by-laws, ordinances and regulations, provided same are being complied with;

e) minor title defects which do not, in the opinion of the Chargee's counsel, materially effect the marketability of title to the Property;

f) any and all site plan agreements, condominium development agreements, servicing agreements and/or density bonus agreements entered into with the local municipality or regional authority and/or any other governmental authorities or agencies pertaining to the development of the Condominium Project on the Property, together with any and all amending agreements (or counterpart agreements or assumption agreements) with respect thereto, and any and all agreements of like kind as deemed necessary or desirable by any governmental authorities or agencies and/or any public or private utility supplier(s) [ie for the installation, maintenance and/or repair of any utilities, telephone, cable television and/or any other requisite service(s) to the Property] in connection with the development of the Condominium Project on the Property (or any portion thereof), provided that said agreements do not (and will not), in the opinion of the Chargee, either individually or collectively, materially impair the Chargee's security or the value or use of the Property, and provided further that the obligations thereunder have been (or are being) complied with, or satisfactory security to ensure compliance therewith has been posted with the relevant governmental authorities, agencies or utility suppliers (as the case may be);

g) the declaration and by-laws of the residential condominium to be created by the Chargor on the Property (or any portion thereof), together with any mutual easement and cost-sharing agreement(s) or reciprocal agreement(s) to be registered on title to the Property pertaining to the mutual use, maintenance, repair and/or cost-sharing of any amenities, services and/or facilities intended to be shared between or amongst the Condominium Corporation and any existing or future adjacent or neighbouring condominium corporation(s), as well as any counterpart agreement(s), amending agreement(s) and/or assumption agreement(s) in respect of said reciprocal agreement(s);

h) an easement/servicing agreement entered into with the local or regional hydro-electric commission (or any other applicable hydro-electricity supplier selected by the Chargor), for the provision of hydro-electric service to the Condominium Project;

i) an easement/servicing agreement entered into with the local or regional cable television supplier (or any other applicable cable television supplier selected by the Chargor), for the provision of cable television service to the Condominium Project;

j) an easement/servicing agreement entered into with the local or regional gas supplier (or any other applicable gas supplier selected by the Chargor), for the provision of gas service to the Condominium Project;

k) any and all outstanding agreements of purchase and sale between the Chargor and the respective purchasers of units in the Condominium Project, provided that all of such agreements of purchase and sale are expressly stipulated to be subordinate and postponed to the Charge and the Chargee's security interests thereunder, and provided further that none of such agreements of purchase and sale are registered against the title to the Property or any portion thereof, either prior to or subsequent to the registration of the Charge; and

l) any and all purchase money security interests obtained and/or evidenced by one or more financing statements registered under or pursuant to The Personal Property Security Act R.S.O. 1990, as amended, by or in favour of any party or parties respecting any equipment, furnishings and/or appliances installed (or to be installed) within the Condominium Project or any portion thereof.

"**Principal Sum**" shall have the meaning as defined in paragraph 1(a) of these standard charge terms;

"**Property**" shall have the meaning as defined in paragraph 2(a) of these standard charge terms;

"**Receiver**" shall have the meaning as defined in paragraph 14 of these standard charge terms;

"**Rents**" shall have the meaning as defined in paragraph 2(b) of these standard charge terms;

"**Security**" shall have the meaning as defined in paragraph 2 of these standard charge terms; and.

"**Tarion**" shall mean the Tarion Warranty Corporation, or any successor institution, in whose favour the Chargee has issued (or intends to issue) one or more warranty bonds in respect of the Condominium Project (or any portion thereof), for and on behalf of the Chargor.

THE INDEBTEDNESS SECURED AND THE INTEREST RATE CHARGED

1. (a) For value received, the Chargor hereby acknowledges and agrees that the Charge is being given to the Chargee as continuing collateral security for the payment of all amounts from time to time due and payable (or becoming due and payable) by the Chargor to the Chargee under or pursuant to the Indemnity Agreement, in Canadian currency (hereinafter collectively referred to as the "**Indebtedness**" or the "**Principal Sum**"). The Charge is also being given in addition to, and not in substitution for, any other security or securities now or hereafter held by the Chargee for the Indebtedness. The Principal Sum shall become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same or any portion thereof, at the Chargee's office address or address for service so indicated in the Charge, and the Chargor shall pay interest on the Principal Sum, and on all other amounts added thereto from time to time in accordance with the provisions hereof (or on so much thereof as may be outstanding and unpaid from time to time), computed and accruing from and after the date of the Chargee's demand for payment thereof, and both before and after default, as well as before and after judgment, at the rate of interest more particularly stipulated in the Charge [provided however that if no interest rate is expressly stipulated in the Charge, then the applicable rate of interest shall be deemed and construed, for all purposes, to be eighteen (18%) percent per annum], with such interest to be calculated monthly not in advance, and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment, and any unpaid interest shall be added to the outstanding Indebtedness and same shall collectively bear interest in the same manner and at the same rate, with interest on overdue interest to be calculated and compounded monthly at the same rate, until such time as the entire Principal Sum is paid in full to the Chargee.

   (b) In addition to (and without limiting) the foregoing, it is acknowledged and agreed that the Charge is being given to the Chargee as continuing collateral security for the payment of all monies, and the performance of all obligations, of and by the Chargor pursuant to the terms and provisions of the Commitment Letter. The provisions of the Commitment Letter shall be deemed and construed to be incorporated in the Charge by reference, and shall form an integral part of the Charge. In the event of any conflict or inconsistency between any of the provisions of the Commitment Letter and the provisions of the Charge, then the provisions of the Commitment Letter shall prevail.

SECURITY

2. As security for the due payment of all monies payable under the Charge, the Chargor hereby:

   (a) mortgages and charges, as and by way of a fixed and specific mortgage and charge, to and in favour of the Chargee and its successors and assigns, the lands and premises described in (and correspondingly encumbered by) the Charge, and each and every building, structure, installation and/or improvement now or hereafter situate or erected thereon or therein, including all plant, equipment, apparatus, machinery and fixtures (of every nature or kind whatsoever) now or hereafter situate thereon or affixed thereto (all of which is hereinafter collectively referred to as the "**Property**" or the "**Charged Premises**"); and

(b) assigns, to and in favour of the Chargee and its successors and assigns, all agreements to lease and all leases, both present and future, together with any and all extensions or renewals thereof (hereinafter collectively referred to as the "**Leases**") now or hereafter relating to the Property (or any portion thereof), including all rents and all other monies now or hereafter payable under any or all of the Leases (hereinafter collectively referred to as the "**Rents**"), together with the benefit of all covenants, stipulations and provisions contained in the Leases, and all guarantees with respect to the payment and/or performance of any covenants in respect of the Leases, on the express understanding and agreement that unless and until there is an event of default under the Charge, and the Chargee thereafter delivers written notice to the Chargor to such effect, the Chargor shall be entitled to deal with the Rents and the Leases in the ordinary course of business, in the same fashion or manner as a prudent owner or landlord would so do, free and clear of the security constituted by the Charge;

with such mortgage and charge of the Property, and such assignment of the Rents and Leases, being hereinafter collectively referred to as the "**Security**".

TERM AND DEFEASANCE

3. The Charge shall be void, and of no further force or effect, upon the payment to the Chargee of the entire Indebtedness, and all other sums of money now or hereafter secured by the Charge (or to which the Chargee may be entitled by virtue of the Charge or these standard charge terms), together with all interest earned or accrued thereon at the aforementioned rate of interest, and together with the payment by the Chargor of all taxes and performance of statute labour, and the observance and performance of all covenants, provisos and conditions contained in the Charge and set forth in these standard charge terms.

FURTHER ASSURANCES

4. The Chargor hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver (or cause to be done, executed, acknowledged and delivered) all such further acts, pledges, mortgages, hypothecs, charges, assignments and assurances, at law or in equity, as the Chargee may reasonably require from time to time for the better assuring, mortgaging, hypothecating, charging, assigning and confirming the Security unto (and in favour of) the Chargee, and for perfecting the security interests created by the Charge in the undertaking, property and assets of the Chargor so mortgaged and charged by virtue of the provisions of the Charge and these standard charge terms, or intended so to be, or which the Chargor may hereafter become bound to mortgage, hypothecate, assign and/or charge to and in favour of the Chargee, and for the better accomplishing and effectuating of the Charge.

CHARGOR'S COVENANTS

5. The Chargor covenants and agrees with the Chargee that:

(a) The Chargor shall keep the Property in good condition and repair, such that the value of the Property is not materially adversely affected in any way.

(b) The Chargor shall pay the principal, interest and all other monies stipulated to be due and owing under the Indemnity Agreement and secured by the Charge, and shall pay (or cause to be paid) as and when they fall due, all realty taxes, utility charges and similar assessments (whether local, municipal, provincial, federal or otherwise) which are now (or may hereafter be) imposed, charged or levied against the Property (or any portion thereof), and the Chargor further covenants and agrees to deliver to the Chargee, on an annual basis, evidence of the Chargor's payment of all such realty taxes, utility charges and similar assessments, in form and substance satisfactory to the Chargee.

(c) The Chargor shall comply with all governmental, statutory and/or regulatory requirements pertaining to the Property, and with the provisions of all Permitted Encumbrances affecting the Property.

(d) The Chargor shall permit the Chargee and its designated agents or representatives, whenever the Chargee deems it necessary or desirable, to enter upon and inspect the Property and all buildings and structures erected thereon.

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(e) The Chargor shall, at its own expense, forthwith insure the Property (if not already so insured), and during the continuance of the Charge shall continue to keep the Property insured, in the name of the Chargor, with loss payable to the Chargee as its interest may appear, with such insurance being in such amounts as the Chargee may from time to time specify, but in any event in an amount not less than the full insurable replacement value thereof on a completed value basis, in lawful money of Canada, with a company or companies and by a policy or policies of insurance approved by the Chargee, against all risks of direct physical loss, with only such exclusions to coverage as the Chargee may approve. In addition, but without limiting the generality of the foregoing, the Chargor shall maintain rental loss insurance, boiler and pressure vessel insurance (if applicable), and insurance against any liability which may be imposed or claimed against the Chargor and/or the Chargee for damages, loss or injury (including death) occasioned to any persons, and for damages to (and/or loss of) the property of any person(s), in such amounts as will, in the reasonable opinion of the Chargee, adequately protect the Chargor and the Chargee against such liabilities and losses. If the Property has no insurable structures thereon, then such insurance will not be required. Such insurance shall, during the course of construction, be in a builder's "all risk" course of construction form. Such insurance coverage shall either be without any co-insurance requirement, or shall have a stated or stipulated amount of co-insurance clause, but in no case shall the insurance coverage be for an amount less than the aggregate of the Principal Sum secured by the Charge, together with the principal amount of any permitted prior encumbrances. The Chargor shall deliver to the Chargee, forthwith upon the latter's request, copies of all insurance binders and policies in effect with respect to the Property, together with evidence of the payment of all insurance premiums payable in connection therewith, in form and substance satisfactory to the Chargee. Evidence of the continuation of all such insurance having been effected shall also be produced to the Chargee at least fifteen (15) days prior to the expiration thereof; otherwise the Chargee may procure such insurance coverage on its own and charge the premiums paid therefor to the Chargor, together with interest accruing thereon at the rate provided for or stipulated in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), and the same shall be payable by the Chargor to the Chargee on the thirtieth (30th) day following the date of the Chargee's demand for payment thereof, and shall also be deemed and construed to be secured by the Charge against the Property. It is further agreed that the Chargee may at any time require any insurance of the buildings situate on the Property to be cancelled, and new insurance effected with an insurance company selected by the Chargee, and also on the Chargee's own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be reimbursed and payable by the Chargor on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, together with interest accruing thereon at the rate provided for or stipulated in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), and all such amounts shall likewise be deemed to be secured by the Charge against the Property. All policies of insurance required to be obtained and maintained by the Chargor shall expressly provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada, which shall be attached to (or incorporated within) each and every policy of insurance so procured.

(f) The Chargor shall maintain at all times throughout the duration of the Charge its corporate existence, and furthermore shall promptly provide written notice to the Chargee of any default respecting any obligations or liabilities of the Chargor arising under the Charge and/or any of the Permitted Encumbrances.

(g) The Chargor shall promptly pay, as and when due, the full amount of:

(i) all liens, charges and encumbrances upon or against the Charged Premises;

(ii) all reasonable charges or expenses of the Chargee in inspecting, protecting or valuating the Property at any time, after realization proceedings have been commenced by or on behalf of the Chargee; and

(iii) all costs, fees and disbursements incurred by the Chargee and secured by the Charge

(h) The Chargor shall pay (or cause to be paid) as soon as the same are due, all claims and demands of contractors and labourers, and all wages, salaries, holiday pay and worker's compensation assessments, and all other charges of any nature or kind (hereinafter collectively referred to as the "**Claims**"), which if unpaid might constitute (or give rise to) a construction lien or similar lien or charge against the Property having priority over (or ranking *pari passu* with) the Charge, or any future advance(s) to be made under or otherwise secured by the Charge, and the Chargor shall from time to time, and on demand, provide the Chargee with such books, payrolls, or other records, receipts, certificates and/or declarations as the Chargee may deem necessary in order to satisfy itself that the Claims have been paid as soon as the same are due.

(i) The Chargor shall forthwith on the happening of any loss or damage, furnish at its own expense, all necessary proofs, and do all necessary acts to enable the Chargee to obtain payment of all applicable insurance monies; and any insurance monies that the Chargor may be entitled to receive shall, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises (or any portion thereof), or alternatively may be applied, in the sole discretion of the Chargee, to repay the Indebtedness in whole or in part, or to repay any other monies owing to the Chargee or otherwise secured under the Charge, whether or not then due, notwithstanding any law, equity or statute to the contrary, on the express understanding that all rights and benefits of the Chargor to such insurance proceeds (to the extent that any portion of the Indebtedness is still outstanding, or any other monies are due and owing to the Chargee, or otherwise secured by the Charge) are hereby expressly waived.

(j) The Chargor, immediately upon obtaining knowledge of the institution of any proceedings for the expropriation of the Charged Premises, or any part thereof, shall notify the Chargee of such proceedings. If the Charged Premises, or any part thereof, is taken or damaged in or by such expropriation proceedings or otherwise, then the award or compensation payable to the Chargor is hereby charged and assigned to the Chargee, and shall correspondingly be paid directly to the Chargee in the place and stead of the Chargor, in order to reduce, *pro tanto*, the outstanding Indebtedness secured by the Charge.

(k) The Chargor, within ten (10) days after receipt of the Chargee's request from time to time to do so, shall (at no cost or charge to the Chargee) certify and confirm to the Chargee (or to any person designated by the Chargee) the precise amount of the Indebtedness secured or otherwise due under the Charge as at the date of the certification, together with the date to which interest accruing thereon has been paid, and that the Chargor has no right of set-off or equitable claim against the monies due or payable to the Chargee so secured under or by the Charge (or if it has such a right or claim of set-off, the amount thereof), and that there have been no amendments to the Charge (or, if there have been any such amendments, the details specifying same). Likewise the Chargee, within ten (10) days after receipt of the Chargor's request from time to time to do so, shall (at no cost or charge to the Chargor) provide a mortgage statement to the Chargor (or to any person so designated by the Chargor) certifying or confirming each of the foregoing matters.

(l) The Chargor shall obey (or cause to be obeyed) all laws, rules, regulations and by-laws, whether federal, provincial or municipal, which in any way relate to the Charged Premises (or any portion thereof), or the use of same.

(m) All representations and warranties given by the Chargor to the Chargee in connection with the Indemnity Agreement and/or the Charge shall remain true, and be of full force and effect, throughout the entire term or duration of the Charge.

(n) The Chargor shall keep the Charged Premises in good condition and repair, according to the nature and description of same as a prudent owner would so do, and the Chargee and its designated agents or representatives may, whenever the Chargee deems it necessary or appropriate, enter upon and inspect the Charged Premises (or any portion thereof) and all buildings and structures erected thereon, and make such repairs thereto as it deems necessary, and the reasonable cost of such inspection and repairs, together with interest accruing thereon at the rate prescribed by the Charge (or at the rate of interest deemed to be applicable pursuant to these standard charge terms), shall be added to the Indebtedness secured by the Charge, and shall be payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, and shall also be considered a charge against the Property having priority to all claims and encumbrances made or arising subsequent to the registration of the Charge. If the Chargor shall neglect to keep the Charged Premises in good condition and repair, or shall commit or permit any act of waste on the Charged Premises (as to which the Chargee shall be the sole judge), or if the Chargor is in default of any of the covenants, provisos, agreements or conditions contained in the Charge (or in any prior mortgage or charge to which the Charge is subordinate), then all monies secured by the Charge shall, at the option of the Chargee, become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, and in default of such payment interest shall continue to accrue thereon, and the Chargee's powers of entering upon and leasing or selling the Charged Premises or any portion thereof (and all other remedies contained in the Charge in favour of the Chargee) may thereafter be exercised forthwith.

(o) Save and except for the Permitted Encumbrances, the Chargor shall not further encumber the Property or any portion thereof without the Chargee's prior written consent, which consent shall not be unreasonably withheld or unduly delayed.

(p) The Chargor shall comply fully with the terms and provisions of the Permitted Encumbrances, and shall keep same in good standing at all times, and shall fully indemnify and save the Chargee harmless from and against all costs, claims, damages and/or liabilities which the Chargee may suffer or incur as a result of the Chargor's failure to do so.

(q) In the event that the Chargor commits an act of default under (or pursuant to the provisions contained in) any charge, agreement or encumbrance affecting (or registered against) the Charged Premises ranking *pari passu* with or in priority to this Charge, then the Chargor shall be deemed to have committed a breach or an act of default under the Charge, whereupon the Chargee shall be entitled to exercise and pursue any and all rights, remedies and powers against the Chargor and/or the Charged Premises (or any portion thereof) arising under or by virtue of the Charge, at law or in equity.

CHARGE EFFECTIVE WITHOUT ADVANCES THEREUNDER

6. Neither the preparation, execution nor registration of the Charge shall bind the Chargee to advance any monies secured by the Charge, nor shall the advance of a part of the monies thereby secured bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the Charged Premises in favour of the Chargee shall take effect forthwith upon the execution and delivery of the Charge by the Chargor, and the Chargee's expenses incurred in connection with the examination of the title to the Charged Premises and/or in procuring any appraisal of the value of the Charged Premises shall nevertheless be secured by the Charge, and such monies together with interest accruing thereon at the rate stipulated in the Charge (or deemed to be applicable pursuant to these standard charge terms) shall correspondingly be payable by the Chargor to the Chargee on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, and in default of the Chargor's payment thereof, the Chargee's powers of entering upon and leasing or selling the Charged Premises or any portion thereof [and all other rights, remedies and powers against the Chargor and/or the Charged Premises (or any portion thereof) arising under or by virtue of the Charge in favour of the Chargee] may thereafter be exercised forthwith.

OUTSTANDING REALTY TAXES

7. The Chargee may, at its option, deduct from any advance of monies secured by the Charge, an amount sufficient to pay any realty taxes which have become due and payable as at the date of such advance, or alternatively may pay the whole or any portion of the outstanding realty taxes assessed against the Property at any time or times, and all amounts so expended by the Chargee shall automatically be added to the Indebtedness, and shall likewise be secured by the Charge. The Chargor shall deliver to the Chargee, forthwith upon the latter's request, copies of all realty tax bills and other notices of assessment affecting the imposition of realty taxes against the Property, together with evidence of the payment of same in form and substance satisfactory to the Chargee.

ASSIGNMENT OF CHARGE BY CHARGEE

8. The Chargee may, without notice to the Chargor and without the consent of the Chargor, assign the Charge in whole or in part, together with the benefit of all covenants of the Chargor thereunder, provided that the security and obligations to which the Charge is collateral shall likewise be assigned by the Chargee to the same assignee.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200501 Code

DISCRETIONARY POWERS OF THE CHARGEE

9. The Chargee may, at its sole, unfettered and unreviewable discretion, and without notice to the Chargor and without the consent of the Chargor, enter into an agreement with anyone who has assumed the Charge, to grant an extension of time; or to change the rate of interest applicable thereto; or to alter (in any way) the terms of payment of the Charge; or to take any additional security; or to waive the performance of any covenant(s) contained in the Charge; and may release the Chargor (or anyone claiming under the Chargor) or any other person(s) liable under the Charge; or may surrender, release or abandon (or omit to perfect or enforce) any security, remedy or proceeding which the Chargee may now or hereafter hold or have; and may take, acquire or discharge, either with or without payment, part or all of the Property and/or the Security; and may apply all monies received from the Chargor or others, or from any other security, upon such part of the Indebtedness secured by the Charge as the Chargee may think best, without prejudice to (and without in any way limiting or lessening) the liability of the Chargor and/or any guarantor(s), indemnitor(s) or other person(s) liable to the Chargee for the payment thereof. The Chargee shall incur no liability to the Chargor, or to any other person, by reason of any of the foregoing actions, arrangements or circumstances, and the liability of the Chargor and/or any guarantor(s), indemnitor(s) or other person(s) liable for payment of the Indebtedness to the Chargee shall continue in full force as long as any portion of the Indebtedness remains due and owing to the Chargee, but the Chargee shall not be bound to exhaust its rights, remedies and/or recourse against the Chargor, or against any other parties, or against the Property or the Security, before being entitled to demand and pursue immediate payment of the amounts secured by (or due and owing under) the Charge from any guarantor(s), indemnitor(s) or other person(s) liable for payment thereof.

EXCLUSION OF IMPLIED COVENANTS

10. (a) The implied covenants deemed to be included in a mortgage or charge under subsection 7(1) of The Land Registration Reform Act R.S.O. 1990, as amended, are hereby expressly excluded from these standard charge terms, and the previous existing covenants contained in The Short Forms of Mortgages Act R.S.O. 1980, Ch. 474 (which has since been abolished) shall be deemed and construed to be incorporated herein by reference. Without limiting the generality of the foregoing, it is understood and agreed that if any of the forms of words or phrases contained in these standard charge terms are also contained in Column One of Schedule "B" to The Short Forms of Mortgages Act R.S.O. 1980, Ch. 474, and distinguished by a number therein, then these standard charge terms shall be deemed to include (and shall have the same effect as if these standard charge terms contained) the form of words in Column Two of Schedule "B" to the said Act, distinguished by the same number, and accordingly the Charge and these standard charge terms shall be interpreted and construed as if The Short Forms of Mortgages Act R.S.O. 1980, Ch. 474, were still in full force and effect.

(b) The Chargor covenants, warrants and represents that it has a good, marketable and valid registered title to the Property, in fee simple, subject only to the Permitted Encumbrances, and has the good right, full power and lawful and absolute authority to charge the Property to and in favour of the Chargee in accordance with the terms and provisions set forth in the Charge and these standard charge terms, and to execute and deliver the Charge to the Chargee upon the covenants contained in the Charge and in these standard charge terms, and that upon the Chargor's execution and delivery of the Charge to the Chargee (and the corresponding registration of the Charge against the Property by or on behalf of the Chargee) the Chargee shall thereupon obtain and have a valid charge and security interest by virtue of the Charge that is binding upon and enforceable against the Chargor and the Property.

(c) On default, the Chargee shall have quiet possession of the Property, subject however to the Permitted Encumbrances but nevertheless free from all other claims, charges, interests and/or encumbrances whatsoever.

(d) The Chargor has done (and will do) no act to encumber the Property, save and except for the Permitted Encumbrances.

DISTRESS

11. The Chargee may distrain for arrears of interest, together with all costs, charges and expenses incurred in connection with (or otherwise attendant upon) any exercise of distraint undertaken by or on behalf of the Chargee upon the Chargor's default, as in like cases of distress for rent. The Chargee may also distrain for arrears of principal, in the same manner and to the same extent as if the same were arrears of interest.

SECURITY WITH RESPECT TO RENTS AND LEASES

12. (a) Notwithstanding anything hereinbefore or hereinafter provided to the contrary, it is expressly understood and agreed that the Chargor's assignment of the Rents and the Leases to and in favour of the Chargee pursuant to the Charge, as additional collateral security for the payment and/or performance of the Chargor's obligations to the Chargee arising under the Indemnity Agreement shall not, under any circumstances, be deemed or construed to create any privity of estate between any or all of the tenants in respect of any of the Leases, and the Chargee as the assignee thereof, nor shall said assignment oblige the Chargee to perform or fulfill (or otherwise make the Chargee liable or responsible for performing or fulfilling) any of the covenants or obligations of the Chargor arising under or in connection with any of the Leases, in its capacity as the landlord thereunder. Furthermore, nothing contained herein shall be deemed or construed to have the effect of making the Chargee responsible for the collection of the Rents or any part thereof, or for the performance of any covenants, terms and/or conditions (either by the landlord or by the tenant) contained in any of the Leases, and the Chargee shall not, by virtue of the Charge or these standard charge terms, be deemed or construed to be a mortgagee or chargee in possession of the Property or any portion thereof, and under no circumstances shall the Charge and/or the assignment of the Rents and the Leases thereunder, in and of themselves, constitute or create the relationship of landlord and tenant between the Chargee and any tenant(s) in respect of any of the Leases.

(b) If the Chargee, in the course of realizing on its security under the Charge consequent upon a default by the Chargor, takes any steps to attorn the Rents or any portion thereof, then the Chargee shall be liable to account for only such monies as shall actually come into its hands by virtue thereof, and such monies when received by the Chargee shall, at the sole option of the Chargee, be applied on account of the outstanding Indebtedness of the Chargor to the Chargee secured by the Charge, or be held as cash-collateral security for the outstanding obligations and/or liabilities of the Chargor to the Chargee, or otherwise applied on account of the monies from time to time due under the primary instrument(s) of indebtedness collaterally secured by the Charge.

(c) The Chargor covenants and agrees that no rent has been or will be paid by any tenant(s) or other person(s) in possession of any portion of the Property more than two months in advance, and that the payment of any Rents owing under any of the Leases shall not be waived, released, reduced, discounted or otherwise discharged or compromised by the Chargor, except in the ordinary course of the Chargor's business acting as a prudent landlord, and none of the terms and provisions of the Leases shall be altered, waived or discharged (nor shall any of the Leases be terminated at the instance of the Chargor prior to their respective terms), except in the ordinary course of the Chargor's business acting as a prudent landlord. Save as otherwise hereinbefore provided, nothing herein contained shall be deemed or construed to be a consent on the part of the Chargee to the payment of any Rents in advance by any of the tenants under the Leases so assigned, nor to an alteration of any of the terms of the Leases, neither of which shall be undertaken except in the ordinary course of the Chargor's business acting as a prudent landlord, without the prior consent of the Chargee, whether or not a demand by the Chargee for payment or performance by the Chargor has occurred under the Charge.

(d) The Chargee may waive any default committed by the Chargor under the Charge, or any breach of covenant with respect to the Charge, and shall not be bound to serve any notice upon any of the tenants in respect of any of the Leases upon the happening of any default or breach of covenant by the Chargor, but any such waiver shall not extend to any subsequent default or breach committed by the Chargor.

(e) Notwithstanding the assignment by the Chargor of the Rents and the Leases to and in favour of the Chargee pursuant to the Charge, it is understood and agreed that until a default or breach has been committed by the Chargor under the Charge, the Chargor shall be entitled to receive the Rents, and shall not be liable to account therefor to the Chargee; provided however that at any time after any default or breach of covenant has been committed by the Chargor under the Charge, or at any time after the Chargee's demand for payment of the Indebtedness or any portion thereof (and/or any other monies secured by the Charge by virtue of these standard charge terms), or at any time after demand by the Chargee for performance by the Chargor has been made under the Charge, the Chargee shall then be entitled to serve notice of demand for payment of the Rents falling due subsequent to the date of service of said notice upon any or all of the tenants in respect of the Leases, and shall correspondingly be entitled to collect any and all of the Rents falling due subsequent to the date of service of said notice. Any payment(s) of the Rents (or any portion thereof) by any of the Chargor's tenants to the Chargee pursuant to the aforementioned notice of demand for payment issued by the Chargee shall not be considered or construed as a breach of the Leases by the tenants making such payments to the Chargee. Despite any default or breach committed by the Chargor under the Charge, and irrespective of any receipt by the Chargee of the Rents (or any portion thereof) pursuant to the foregoing provisions hereof, it is expressly understood and agreed that the Chargor shall at all times be (and shall continue to remain exclusively) liable to perform and fulfill all of the covenants and obligations of the Chargor arising under (or in connection with) all of the Leases existing or outstanding from time to time, in its capacity as the landlord thereunder.

DEFAULT

13. (a) If default shall be made in the payment of any sum for interest at any time appointed for the payment thereof as aforesaid, then compound interest shall be payable, and in such circumstances the sum in arrears for interest from time to time, as well after as before demand or maturity, and both before and after default and judgment, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid within one (1) month from the date of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before demand or maturity and so on from time to time, and all such interest and compound interest shall be a charge upon the Property.

(b) Upon default in the payment of any monies due and payable to the Chargee under the Charge for at least fifteen (15) days, the Chargee may, on at least thirty-five (35) days' notice in writing, enter on and lease the Property (or any portion thereof), or on default of payment for at least fifteen (15) days the Chargee may, on at least thirty-five (35) days' notice in writing, sell the Property (or any portion thereof). Such notice shall be given to such persons, and in such manner and form, and within such time as provided for or required by The Mortgages Act R.S.O. 1990, as amended, or alternatively as provided for in these standard charge terms. Provided further, and without prejudice to the statutory powers of the Chargee arising under the foregoing, that in case default be made in the payment of the said principal or interest or any part thereof, and such default continues for two (2) months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling (or any of them) without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form and within such time as is so required by law. The whole or any part or parts of the Property may be sold by public auction or private contract, or partly one or partly the other, and the proceeds of any sale under or pursuant to the Charge may be applied in payment of any costs, charges and expenses incurred by or on behalf of the Chargee in taking, recovering or keeping possession of the Property, or incurred by reason of the non-payment (or incurred in the course of procuring payment) of the monies secured by the Charge, or otherwise. The Chargee may sell the Property or any part thereof, on such terms as to credit and otherwise as shall appear to it most advantageous, and for such price as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Property, and resell the same without being answerable for any loss occasioned thereby, and in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from the purchaser(s) after the satisfaction of the claims of the Chargee, and for any of the said purposes the Chargee may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease of the Property (or any portion thereof), nor be affected by any express notice that any sale or lease is improper, and no lack of notice or publication by the Chargee (as and when required) shall invalidate any such sale or lease.

RECEIVER

14. The Chargee may by writing under the hand of any solicitor or agent authorized on its behalf, upon any default whatsoever on the part of the Chargor in the payment of any principal, interest or any other monies owing or otherwise secured under the Charge, or upon any default by the Chargor in the observance of any of the covenants and conditions therein contained, appoint a receiver or manager, or a receiver and manager, or a receiver-manager (hereinafter referred to as the "**Receiver**") of the Property or any portion thereof, and every such Receiver shall be deemed to be the agent of the Chargor, and the Chargor shall be solely responsible for the acts or defaults of the Receiver, save and except for fraud or wilful misconduct. The Receiver shall have the power to demand, recover and receive all of the Rents and income from the Property by any lawful action, distress or otherwise, either in the name of the Chargor or the Chargee, and may give effectual receipts and discharges therefor. The Receiver may, at the discretion and written direction of the Chargee, complete the

development and construction of any uncompleted project or structure on the Property (or any portion thereof), substantially in accordance with the Chargor's plans and specifications in connection therewith, or carry on the business of the Chargor relating to the Property or any part thereof, and may exercise all the powers conferred upon the Chargee under the Charge. The Receiver may be removed by the Chargee, and in such case (as well as in the circumstances of any Receiver dying or refusing to act, or becoming incapable of acting) a new Receiver may be appointed from time to time by the Chargee by writing under the hand of any authorized solicitor or agent as aforesaid. The Chargee may from time to time fix the remuneration of every such Receiver, and may recompense every such Receiver for its disbursements properly incurred in carrying out its duties, and the Receiver's fees and disbursements shall be deemed and construed to be secured by the Charge against the Property, and shall be payable on demand, and shall bear interest at the rate stipulated under the Charge (or otherwise deemed to be applicable pursuant to these standard charge terms). The appointment of the Receiver by the Chargee shall not be deemed or construed to constitute the Chargee as a mortgagee or chargee in possession, and the Chargee shall not be accountable except for any monies actually received by it, and the person paying money to (or in any way dealing with) the Receiver shall not be obliged or concerned to enquire whether any cause or event has happened or occurred to authorize the Receiver to so act. Subject to the retention of the Receiver's remuneration and disbursements as aforesaid, the Receiver shall apply all monies received by it in such of the following modes, and in such order or priority as the Chargee may, from time to time and at the Chargee's sole option, direct in writing, namely: in discharge of all realty taxes, utility charges and other assessments affecting the Property which, if left unpaid, would constitute a lien or charge against the Property having priority over (or ranking *pari passu* with) the Charge; in payment of any amounts due under any mortgage or lien having priority over (or ranking *pari passu* with) the Charge; in payment of any premiums owing in respect of any fire, builder's all-risk, comprehensive liability and/or any other requisite insurance coverage that the Chargor is obliged under the Charge to procure and maintain, the payment of which is directed or confirmed in writing by the Chargee; in payment of the costs of executing or undertaking any necessary or proper repairs to any building or structure situate on the Property (or any portion thereof), as directed or confirmed in writing by the Chargee; in payment of the costs of carrying out or executing any of the powers, duties or discretions which vest in (or may be vested in) the Receiver by virtue of the foregoing provisions hereof; in payment of the principal monies (or any portion thereof) due and owing under the Charge, and/or in payment of any interest accruing due under the Charge, if and to the extent directed in writing by the Chargee; and shall pay the residue, if any, out of the monies received by the Receiver to the person or persons who, but for the possession of the Receiver, would have been entitled to receive same at law, in equity or by virtue of any applicable statute.

REMEDIES CUMULATIVE

15. No power or remedy conferred upon (or reserved to) the Chargee is intended to be exclusive of any other power or remedy given or available to the Chargee under or by virtue of the Charge and these standard charge terms, or under any security collateral thereto, or at law, in equity or by virtue of any applicable statute, and each and every such power or remedy shall be deemed and construed to be cumulative, and shall be in addition to every other power or remedy available to the Chargee by virtue of the Charge and these standard charge terms or any other security collateral thereto, now or hereafter existing at law, in equity or by statute. Every power and/or remedy given or available to the Chargee upon any default or breach of the Charge or these standard charge terms may be exercised by or on behalf of the Chargee from time to time, as often as may be deemed expedient by the Chargee, in its sole, unfettered and unreviewable discretion.

DISCHARGE

16. Upon the full payment and satisfaction of all principal, interest and other monies owing to the Chargee and secured by the Charge, and the due performance of all covenants and obligations of the Chargor set forth in the Charge, the Chargee shall, subject to the provisions of paragraph 28 hereof dealing with E-Reg registration requirements, execute and deliver a discharge of the Charge in registerable form within a reasonable time thereafter. All legal costs and other expenses incurred by the Chargee in connection with the preparation, execution and/or registration of such discharge shall be borne and paid for by the Chargor.

SEVERABILITY

17. If any one or more of the provisions contained in the Charge or in these standard charge terms shall, for any reason, be held or construed by a court of competent jurisdiction in the Province of Ontario to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Charge or these standard charge terms, and the Charge or these standard charge terms

(as the case may be) shall thereafter be read and construed as if such invalid, illegal or unenforceable provision had never been contained therein.

DUE ON SALE, TRANSFER OR CHANGE IN BENEFICIAL OWNERSHIP

18. In the event that the Chargor sells, conveys, transfers or assigns the Property (or any portion thereof) to one or more purchasers, transferors or assignees, or alternatively attempts or effects a change in the beneficial ownership of the Property (in whole or in part) at any time during the term or duration of the Charge, without first obtaining the written consent of the Chargee thereto, then at the sole option of the Chargee all monies secured by the Charge shall become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same. However, a sale to one or more arms' length purchasers of one or more units (or proposed units) in the Condominium Project developed (or to be developed) on the Property (or any portion thereof) shall not trigger any payment(s) by the Chargor to the Chargee pursuant to the preceding provisions hereof.

NO FURTHER CHARGE OR ENCUMBRANCE

19. In the event that the Chargor further charges, mortgages or encumbers the Property (or any portion thereof) in any way, save and except for the Permitted Encumbrances, without first obtaining the written consent of the Chargee thereto, then at the sole option of the Chargee all monies secured by the Charge shall become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same.

NOTICES

20. Any and all notices or other documents or communications desired or required to be given to any of the parties to the Charge [including the Chargor, the Chargee, and any guarantor(s) or indemnitor(s) of the Chargor's obligations under the Charge, in whole or in part] shall be in writing, and shall be delivered to the intended party or parties only by the following methods, namely by:

(a) prepaid registered mail (provided there is no prevailing or impending interruption in postal service at the relevant time of posting) addressed to the intended party or parties at their respective addresses for service set forth in the Charge, and shall be deemed to have been effectively given and correspondingly received on the 5th day (excluding Saturdays, Sundays and statutory holidays) after the date same is posted by registered mail;

(b) telefax transmission to the intended party or parties at their respective telefax numbers set forth in the Charge, and shall be deemed to have been effectively given and correspondingly received on the next day (excluding Saturdays, Sundays and statutory holidays) following the date of such telefax transmission, and provided further that a confirmation of such telefax transmission has been received by the transmitting party contemporaneous with (or forthwith following) such telefax transmission; or

(c) personal delivery by hand or bonded courier, to any officer, director or senior employee of the intended party or parties, at their respective addresses for service set forth in the Charge, and shall be deemed to have been effectively given and correspondingly received on the next day (excluding Saturdays, Sundays and statutory holidays) following the date of such personal delivery.

Any of the parties to the Charge may, from time to time and by written notice delivered to all other parties thereto in the manner aforesaid, change the address for service or telefax number (or provide a telefax number where no such fax number was originally set forth in the Charge) to which its notices, documents and other communications are to be delivered.

NON-MERGER

21. (a) The taking of the Charge by the Chargee as security for the Indebtedness and interest thereon, and for all other amounts secured thereunder, shall not operate as a merger of the remedies of the Chargee for the payment of the monies owing from time to time by the Chargor to the Chargee, nor of any remedies or powers of the Chargee arising under the Commitment Letter, and the Charge shall constitute continuing security to the Chargee for the amount of the Indebtedness and interest thereon, and for all other amounts secured thereunder in accordance with the provisions of these standard charge terms.

(b) It is further agreed that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of any such covenants, nor shall same affect the Chargee's right to interest at the rate and times expressly provided for in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), and provided further that any such judgment(s) shall provide or stipulate that interest thereon shall be computed at the same rate (and in the same manner) as provided for in the Charge(or at the rate of interest deemed to be applicable by virtue of these standard charge terms, as the case may be) until the judgment(s) shall have been fully paid and satisfied.

APPLICATION OF PROCEEDS

22. Any and all payments made to the Chargee in respect of any monies secured by the Charge, and/or any monies or other proceeds realized from any securities held therefor (including the Charge) may be applied, and/or re-applied (notwithstanding any previous application) against or in respect of such part or parts of the Indebtedness and other liabilities of the Chargor arising under the Commitment Letter and/or the Charge as the Chargee may see fit in its sole, unfettered and unreviewable discretion.

CONSENTS AND PARTIAL DISCHARGES

23. (a) Subject to the provisions of paragraph 28 hereof dealing with the E-Reg registration requirements, the Chargor, when not in default under the Charge and/or the Indemnity Agreement, shall have the privilege of obtaining from the Chargee, upon ten (10) days' notice therefor (excluding Saturdays, Sundays and statutory holidays), the following:

(i) the consent in writing of the Chargee to all documents and/or Planning Act proceedings (including any severance or minor variance applications) which may be reasonably required by the Chargor for the purposes of servicing the Property and/or developing the Condominium Project thereon, including all required postponements of the Charge (in registerable form) to any and all requisite easements or rights of way for maintenance, servicing, access and/or support purposes, and to any and all condominium development (or similar) agreements with any municipal, regional or other governmental authority or agency and/or utility provider; and

(ii) partial discharges of the Charge in respect of such portions of the Property as are required by the Chargor to be dedicated or conveyed to any municipal, regional or other governmental authority or agency, including road or park dedications;

provided that:

A) the partial discharge(s) and any related documents in connection therewith are in compliance with the part-lot control and subdivision control provisions of The Planning Act R.S.O. 1990, as amended;

B) any such partial discharge(s) and consent(s) will not, in the reasonable opinion of the Chargee's counsel or the Chargee, materially or adversely affect the value of the Property or the Chargee's security interests under the Charge;

C) the Chargee does not incur any liability under (or in respect of) any partial discharge(s) and/or consent(s) granted by the Chargee pursuant to the foregoing provisions hereof;

D) the execution by the Chargee of any such partial discharge(s) and/or consent(s) is to the extent only of its interests in the Charge; and

E) any consideration payable to the Chargor for any such partial discharge(s) and/or consent(s), or for any other document(s) requested to be executed by the Chargee in connection with the foregoing provisions of this paragraph, shall be paid entirely to the party or parties that are providing construction financing to the Chargor in connection with the development and construction of the Condominium Project on the Property, in reduction of the principal and interest indebtedness owing and secured thereunder.

(b) In those circumstances where the Condominium Project has been developed and completed on the Property (or any portion thereof), and the Condominium Corporation has correspondingly been created and registered under The Condominium Act 1998, S.O. 1998, as amended, the Chargor shall, when not in default under the Charge and/or the Indemnity Agreement, and subject to the overriding provisions of paragraph 23(c) and (d) hereof, have the privilege of obtaining a partial discharge of the Charge with respect to each dwelling unit (and any ancillary parking and/or locker unit(s) acquired in connection therewith, if any), without any payment by the Chargor on account of principal or interest, provided that the following conditions are all complied with, namely:

(i) that each partial discharge so requested is in compliance with the part-lot control and subdivision control provisions of The Planning Act R.S.O. 1990, as amended;

(ii) that the Chargor delivers (or causes to be delivered) to the purchaser of such unit(s) a registrable transfer and conveyance of such unit(s);

(iii) that the deed/transfer in respect of such unit(s) so conveyed by the Chargor is duly registered on title; and

(iv) that the Chargee is furnished with a photocopy of the duplicate registered copy of such transfer and conveyance, or is given the registration particulars thereof.

(c) It is understood and agreed that the Chargee shall provide to the Chargor or its solicitors one or more blanket partial discharges of the Charge in respect of those units (and their appurtenant common interests) in the Condominium Project that have been sold and conveyed by the Chargor, within thirty (30) days after the Chargee's receipt of a list from the Chargor or its solicitors indicating and confirming the specific units so transferred to the respective unit purchasers thereof, accompanied by the registration numbers of the deeds/transfers to the respective unit purchasers. All such partial discharges shall be provided by the Chargee free of any charge or fee to the Chargor, save and except as may otherwise be specified or stipulated in the Commitment Letter. Alternatively, should the Chargor require executed individual partial discharges of the Charge on or before the final closing of any unit sale transactions, then the Chargor's solicitors shall prepare and forward the requisite partial discharges to the Chargee for execution, along with certified funds to cover and pay for the Chargee's solicitor's reasonable legal fees charged in connection with each individual partial discharge (or any higher sum or fee per individual partial discharge as may be specified in the Commitment Letter).

(d) Notwithstanding anything provided in these standard charge terms to the contrary, it is understood and agreed that the Chargee shall not be obliged nor requested to provide any partial discharge(s) of the Charge in respect of any condominium unit(s) and its/their appurtenant common interests for which:

(i) the Chargor still has liability exposure to Tarion for any deposit monies paid by a previous purchaser of the same unit(s); and/or

(ii) the Chargee still has liability exposure to Tarion under (or in connection with) any warranty bond(s) issued to Tarion by the Chargee in connection with the Condominium Project (or any portion thereof), or any liability exposure under any excess condominium deposit insurance policy, with respect to any deposit monies paid by a previous purchaser of the same unit(s).

(e) The registration of a partial discharge of the Charge in respect of any condominium unit (and its appurtenant common interests), or in respect of any other portion of the Property shall, insofar as such premises so partially discharged are concerned, automatically constitute a discharge of (and from) all other security documents and security interests in favour of the Chargee (excluding any guarantees) as may be registered against the title to the Property (or any portion thereof) or evidenced by any financing statement(s) registered or recorded under the Ontario Personal Property Security Registration System.

POSTPONEMENT OF THE CHARGE

24. The Chargee covenants and agrees to postpone and subordinate the Charge, and its rights and interests thereunder, to and in favour of the mortgage security now or hereafter given by the Chargor to the party or parties providing construction financing to the Chargor in connection with the development and construction of the Condominium Project on the Property or any portion thereof (hereinafter referred to as the "**Construction Mortgage**"), and to any and all advances under the Construction Mortgage (whether prior to, or subsequent to, the date of registration of the Charge), and the Chargee shall correspondingly execute and deliver to the Chargor, forthwith upon the Chargor's request (and at no charge or fee to the Chargor therefor), a postponement of the Charge in registerable form, together with any requisite financing change statement (for registration under the Ontario Personal Property Security Registration System) evidencing and confirming the foregoing postponement

and subordination; provided however that with respect to purchasers' deposit monies involving the Condominium Project which are held or retained in a designated trust account monitored by or on behalf of the Chargee, it is expressly understood and agreed that the Chargee shall have a first charge and security interest with respect thereto, which shall not be postponed nor subordinated to or in favour of the holder(s)/owner(s) of the Construction Mortgage (hereinafter collectively referred to as the "**Construction Mortgagee**").

RELEASING OF SECURITY BY CHARGEE

25. Subject to the overriding requirement to comply with the part-lot control and subdivision control provisions of The Planning Act R.S.O. 1990, as amended, the Chargee may at any time, and from time to time, in its sole, unfettered and unreviewable discretion, release or discharge any part or parts of the Property from the security of the Charge, and/or may release any other security for (or any surety in respect of) the monies secured by the Charge or any portion thereof, either with or without any sufficient consideration therefor, and without any responsibility or liability to the Chargor (or any other party or parties) therefor, all without thereby releasing any other part of the Property or the Chargor [or any other person(s) from the obligations under the Charge], or from any of the covenants therein contained, and without being accountable to the Chargor for the value of any property or security so released or discharged, or for any monies except for such funds that are actually received by the Chargee. Every lot, part-lot or condominium unit into which the Charged Premises are (or may hereafter be) divided does and shall stand charged with all of the monies owing by the Chargor to the Chargee and secured by the Charge, and no person shall have the right to require such monies to be apportioned. It is expressly agreed that the Chargee may grant time, renewals, extensions, indulgences, releases and discharges, and may take securities or give same up, and may abstain from taking any securities, or from perfecting any securities, and/or may otherwise deal with the Chargor and all other persons and securities as the Chargee may see fit, in its sole, unfettered and unreviewable discretion, without restricting, prejudicing or derogating from any of the rights of the Chargee arising under or by virtue of the Charge and these standard charge terms.

SALE OF EQUITY OF REDEMPTION

26. No sale, transfer, conveyance or other dealing whatsoever by the Chargor with the Property or the equity of redemption with respect to same (or any part thereof) shall in any way change the liability of the Chargor to the Chargee, or in any way alter the rights of the Chargee as against the Chargor or any other person(s) liable for the payment of the monies and/or the performance of the obligations secured by the Charge.

QUIET POSSESSION PRIOR TO DEFAULT

27. Until a default by the Chargor under the Charge has occurred, the Chargor shall have quiet possession of the Property. Upon a default in the payment of any principal and/or interest due and owing under the Charge, or upon a default in the performance of any of the covenants or obligations set forth in the Charge or in these standard charge terms, the Chargee may enter into and take possession of the Property (or any portion thereof), and shall correspondingly be entitled to use, occupy, possess and enjoy the Property (or any portion thereof), without any interference, suit, hindrance, interruption, or claim by or from the Chargor or any other person or persons whomsoever.

E-REG ELECTRONIC REGISTRATION REQUIREMENTS

28. In the event that the electronic registration system (herein referred to as the "**Teraview Electronic Registration System**" or "**E-Reg**") is operative in the applicable Land Titles Office in which the Charged Premises are registered, then anywhere in these standard charge terms where it is stated that the Chargee is obliged to execute and deliver a discharge and/or postponement of the Charge, in registerable form, such obligation shall be replaced with either of the following obligations to be selected or chosen by the Chargee in its sole discretion, namely:

(a) the Chargee delivering to the Chargor's solicitor an acknowledgment and direction authorizing the Chargor's solicitor to electronically register the discharge(s) and/or the postponement(s), as the case may be (provided that the Chargor's solicitor personally undertakes to provide the Chargee's solicitor with the registration particulars thereof, or alternatively a receipted copy of the electronically registered discharge and/or postponement, as the case may be, forthwith following the registration of same), all at the Chargor's sole cost and expense; or

(b) the Chargee authorizing and directing its solicitor to electronically register the discharge(s) and/or the postponement(s), as the case may be, at the Chargor's sole cost and expense;

provided that in each case the Chargor has otherwise complied with all other provisions set forth in the Charge and in these standard charge terms.

REGISTRATION OF CONDOMINIUM ON THE PROPERTY

29. (a) It is acknowledged and agreed that the Condominium Project is intended to be developed on all or a portion of the Property encumbered by the Charge, and to be described in a declaration and description drawn and prepared pursuant to (and in accordance with) the provisions of The Condominium Act 1998, S.O. 1998, as amended, or any successor condominium legislation (hereinafter referred to as the "**Act**"), and registered as a condominium pursuant to the provisions thereof. The term or expression "**Condominium Corporation**" shall mean the condominium corporation created by the registration of the said declaration and description against or in respect of the Property (or any portion thereof).

(b) The Chargor covenants and agrees to observe and comply with all duties and obligations imposed on the Chargor by the provisions of the Act, and by the declaration, by-laws and rules of the Condominium Corporation in force from time to time. Without limiting the generality of the foregoing, the Chargor covenants and agrees that it will promptly pay, as and when due, all contributions to the common expenses and all other payments required to be made by the Chargor as owner of the units therein. The Chargor further covenants and agrees to deliver to the Chargee, forthwith upon the demand of the Chargee, satisfactory proof that all common expenses assessed against the unit(s) owned by the Chargor have been paid, as and when same are due. In the event of the Chargor's default in paying any common expenses or other monies due and owing to the Condominium Corporation, the Chargee may, at its sole option, pay the same and add the amount thereof to the Indebtedness (and same shall correspondingly be secured by the Charge) and shall bear interest at the rate provided by the Charge (or deemed to be applicable by virtue of these standard charge terms), and the Chargee may thereafter exercise all or any of its rights, powers and/or remedies arising under or by virtue of the Charge and these standard charge terms by reason of the Chargor's non-payment of the common expenses or such other monies. Any breach of the aforementioned duties and obligations by the Chargor shall constitute a default under the Charge, and shall thereupon entitle the Chargee to exercise all of the rights, powers and remedies provided by virtue of the Charge (and these standard charge terms) in the event of a default thereunder. Without limiting the generality of the foregoing, upon the Chargor's default in the payment of the common expenses as aforesaid, the outstanding Indebtedness (and all other monies) secured by the Charge shall, at the Chargee's sole option, become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same.

(c) The Chargor further covenants and agrees to deliver to the Chargee a copy of each and every:

(i) claim or demand for payment made by or on behalf of the Condominium Corporation to or from the Chargor, at least five (5) clear days prior to the date upon which any monies so claimed or demanded become due and payable, as provided by the terms of such claim or demand;

(ii) notice of any breach by the Chargor (or by those for whom the Chargor is liable or responsible at law or in equity) of any of the provisions of the Act, and/or the declaration, by-laws or rules of the Condominium Corporation, within five (5) days of the date upon which such notice is received by the Chargor;

(iii) request or demand for the consent or vote of the Chargor to any matter affecting any or all of the units in the Condominium Corporation owned by the Chargor, or with respect to the common elements, within five (5) days of the date upon which such request or demand is received by the Chargor;

(iv) notice of any special assessment proposed to be levied or any extraordinary expenditure intended or contemplated to be made by the Condominium Corporation, within five (5) days of the date upon which the Chargor receives notice of same; and

(v) in the event that the Charge constitutes a second charge against any unit(s) owned by the Chargor, notice that the holder of the first charge does not intend to exercise the right to vote in respect of any matter relating to the affairs of the Condominium Corporation, within five (5) days of the date upon which the Chargor receives such notice from the holder of the first charge.

(d) In the event that the government of the property of the Condominium Corporation is terminated pursuant to the provisions of the Act, or in the event that a sale of the condominium property or any portion of the common elements is authorized by a vote of the owners of the Condominium Corporation, then in any of such circumstances the monies secured by the Charge shall, at the option of the Chargee, become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment, and all the rights, powers and remedies conferred upon the Chargee by virtue of the Charge and these standard charge terms shall thereupon become exercisable, notwithstanding any consent given by the Chargee to any such termination or sale.

(e) The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor to vote and/or consent to all matters pertaining to the affairs of the Condominium Corporation and/or any unit(s) owned by the Chargor and its/their appurtenant common interests, including without limitation, any matter relevant to the management of the Condominium Corporation, the sale of the whole or any portion of the condominium property and/or the assets of the Condominium Corporation, and/or the termination of the Condominium Corporation under the Act, and to exercise such right to vote and/or consent at all times and for all purposes, wherever and whenever the Chargor would have such right to vote or consent, at any meeting(s) of the unit owners of the Condominium Corporation, whether or not the Chargor is in default or in breach of any of the covenants or provisions contained in the Charge or in these standard charges, provided however that the Chargor shall nevertheless be entitled to exercise such right to vote or consent unless and until the Chargee gives notice to the Condominium Corporation and to the Chargor of the Chargee's intention to exercise such rights, in accordance with the provisions of the Act. Any such notice from or on behalf of the Chargee may apply to an indeterminate period of time, or to a limited period of time, or to a specific meeting or matter.

(f) The Chargee may, from time to time, waive its right to vote or consent, by giving notice of its intention to do so to the Condominium Corporation and to the Chargor, and any such waiver may be for an indeterminate period of time until withdrawn, or for a limited period of time, or for a specific meeting or matter, and while such waiver is in effect, the Chargor may exercise the right to vote or to consent.

(g) Notwithstanding the exercise by the Chargee of the right of the Chargor to vote or consent, it is acknowledged and agreed that such exercise shall not, under any circumstances, be deemed or construed so as to render the Chargee a mortgagee or chargee in possession, and it is further agreed that the Chargee shall not be under any obligation to vote, consent or otherwise protect the interests of the Chargor, nor shall the Chargee be responsible or liable to the Chargor in connection with any exercise of the right to vote or consent, nor with respect to any failure on the part of the Chargee to exercise such right to vote or consent.

(h) The Chargee may, at its sole option, pay the amount of any common expenses or other payments owing by the Chargor to the Condominium Corporation, and/or the amount of any other encumbrance, lien or charge having or claiming priority over (or ranking *pari passu* with) the Charge, including any realty taxes or other charges assessed against any or all of the units owned by the Chargor and their appurtenant interests in the common elements of the Condominium Corporation, and all such monies so paid by the Chargee, as well as all costs, charges and expenses incurred by or on behalf of the Chargee in recovering and keeping possession of the unit(s) owned by the Chargor, and all solicitor's charges (based on a substantial indemnity scale of costs) in respect of the collection of any overdue payments or any other monies payable by the Chargor (whether or not any step, action or proceeding to enforce such payment has been taken against the Chargor), shall be added to the Indebtedness secured by the Charge, and shall be payable by the Chargor to the Chargee on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, and shall likewise bear interest at the rate specified in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms). In the event of the Chargee paying the amount of any such encumbrance, lien or charge, and/or paying any outstanding realty taxes, common expenses, special assessments or any other payments owing by the Chargor to the Condominium Corporation, then the Chargee shall be entitled to all the rights, powers, entitlements, equities, remedies and/or securities of all persons so paid (including, without limitation, the Condominium Corporation).

(i) The Chargor hereby charges to and in favour of the Chargee, as and by way of additional collateral security for the Chargor's repayment of the outstanding Indebtedness secured under the Charge, all rents and other monies receivable by the Chargor in connection with any unit(s) in the Condominium Corporation owned by the Chargor, and which are payable under any lease(s), occupancy agreement(s) or rental arrangement(s) now or hereafter entered into by the Chargor, and hereby assigns to the Chargee the benefit of all covenants, agreements and provisos therein contained, and shall execute and deliver to the Chargee all such notices and other documents as may be reasonably required in order to render such assignment effectual in law, and/or to preserve the priority of the Chargee with respect thereto pursuant to any registration provision of any statute, provided that the payment of rents under any such leases, occupancy agreements and/or rental arrangements may continue to be made to the Chargor unless and until default occurs under the Charge, and the Chargee notifies the Chargor and the lessee(s) or occupant(s) in writing to thereafter pay all rents and/or occupancy fees due and owing (or becoming due and owing) directly to the Chargee. Nothing herein contained shall make the Chargee responsible for the collection of the rents payable under any such leases or occupancy agreements, nor for the performance of any covenants, terms or conditions contained therein, and the Chargee shall not, by virtue of these presents, be deemed or construed under any circumstances to be a mortgagee or chargee in possession of the unit(s) owned by the Chargor. The Chargee shall be liable to account for only such rents or occupancy fees as actually come into its hands, less reasonable collection charges in respect thereof.

(j) Notwithstanding anything contained in the Charge or in these standard charge terms to the contrary, it is acknowledged and agreed that the obligation to insure any portion of the common elements, as well as the obligation to insure all of the units owned by the Chargor in the Condominium Corporation from time to time, up to the level of insurance mandated by the standard unit description set forth in any by-law of the Condominium Corporation (if such a by-law has been duly enacted), or by the standard unit description set out in the schedule (if any) prepared by the declarant of the Condominium Corporation and turned over to the board of directors of the Condominium Corporation in accordance with the provisions of the Act (in those circumstances where a standard unit by-law has not been enacted), may be performed by the Condominium Corporation rather than by the Chargor, and the proceeds of such insurance may be payable in accordance with the provisions of the declaration, by-laws and insurance trust agreement of the Condominium Corporation. However, in addition to the insurance coverage required to be obtained and maintained by the Condominium Corporation, the Chargor shall be obliged to obtain and maintain its own insurance coverage (noting the interests of the Chargee as a loss payee) for damage to any and all improvements made to the units (or deemed to be improvements to the units, pursuant to the provisions of the Act) owned from time to time by the Chargor, for the full replacement cost or value thereof, subject to a reasonable deductible limit or amount. The Chargor covenants that forthwith upon the happening of any loss or damage, it shall fully comply with the terms of all applicable policies of insurance, and with the insurance provisions of the said declaration, by-laws and insurance trust agreement of the Condominium Corporation, and shall seek the full compliance by the Condominium Corporation with its aforementioned insurance obligations. The Chargor further covenants and agrees to provide the Chargee with copies of all applicable insurance policies obtained and maintained by the Condominium Corporation, and by the Chargor, together with evidence of the payment of all premiums owing with respect thereto, along with evidence of the renewal of all such applicable insurance policies, within five days of being requested by the Chargee for same, all at no cost, charge or expense to the Chargee therefor whatsoever. If the Chargor or the Condominium Corporation (or both of them) shall neglect to keep the condominium property (including all of the units owned from time to time by the Chargor) fully insured as aforesaid, or to deliver copies of such policies of insurance and/or evidence of payment of all premiums owing with respect thereto, and/or evidence of the renewal of all such insurance policies as aforesaid, then the Chargee shall be entitled, but shall not be obliged, to insure each and every unit owned from time to time by the Chargor, and the Chargor or the Condominium Corporation (or both of them) shall forthwith, on the happening of any loss or damage, furnish at their own respective expense all necessary proofs, and shall do or undertake all necessary acts or things so as to enable the Chargee to obtain payment of all applicable or obtainable insurance proceeds.

CHANGE IN CHARGOR'S STATUS

30. Immediately after any change or transfer in the legal title or beneficial ownership of the Property, or any portion thereof (which change or transfer shall not occur or be undertaken without the prior written consent of the Chargee, unless same constitutes a sale or transfer to one or more arms' length purchasers of one or more units in the Condominium Project), the Chargor shall furnish the Chargee with full particulars thereof (together with such other information in connection with the foregoing as the Chargee may from time to time request), so that the Chargee is kept fully informed of the names and addresses of the owner or owners for the time being of the Property.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200501 Coto

GUARANTEE

31. Each party named or described in the Charge as a guarantor (hereinafter individually and collectively referred to as the "**Guarantor**") hereby agrees with the Chargee as follows:

(a) In consideration of the Chargee issuing one or more warranty bonds to Tarion in connection with the Condominium Project for and on behalf of the Chargor, and/or providing excess condominium deposit insurance with respect to some or all of the purchasers' deposit monies in connection with the Condominium Project, and for other good and valuable consideration and the sum of Two Dollars of lawful money of Canada paid by the Chargee to the Guarantor (the receipt and sufficiency of which is hereby expressly acknowledged), the Guarantor hereby covenants, promises and agrees as a principal debtor, and not merely as a surety, to pay (or cause to be paid) to the Chargee the entire Indebtedness and all other monies secured by the Charge, together with all interest accrued thereon at the rate stipulated in the Charge (or at the rate deemed to be applicable pursuant to these standard charge terms), at the times and in the manner set forth in the Charge, and shall observe, perform and fulfill all covenants and obligations of the Chargor contained in the Charge and set forth in these standard charge terms, and the Guarantor does further acknowledge and agree that this covenant of guarantee shall unconditionally bind the Guarantor (and the Guarantor's respective heirs, estate trustees, successors and assigns) notwithstanding any indulgences granted by the Chargee to the Chargor, the giving of time for the repayment of the Indebtedness secured by the Charge, the varying of the terms of payment of the Charge, the varying of the principal sum secured by the Charge and/or the rate of interest charged thereunder (including any increase or decrease in the principal sum secured and/or any increase or decrease in the interest rate so charged or accruing under the Charge), any extension or renewal of the Charge by the Chargee, any release or discharge of the Chargor and/or any discharge of the Charge registered in respect of any portion of the Property [including any unit(s) and its/their appurtenant common interests], and/or the subsequent bankruptcy or insolvency of the Chargor, and despite the Chargee's failure or omission to obtain the consent or signature of the Guarantor to (or to give notice to the Guarantor of) any such indulgences by the Chargee, any such giving of time for repayment, any such variance of the terms of payment, any such variance of the principal sum secured and/or the rate of interest so charged (including any increase or decrease in the principal sum secured and/or any increase or decrease in the interest rate so charged or accruing under the Charge), any such extension or renewal of the Charge, any such release or discharge of the Chargor and/or any discharge of the Charge registered in respect of any portion of the Property [including any unit(s) and its/their appurtenant common interests], and/or any such bankruptcy or insolvency of the Chargor.

(b) The Guarantor expressly acknowledges and agrees that the Chargee may waive any breach or default by the Chargor, and may accept other covenants, guarantees, sureties or securities without notice to (and without the consent of) the Guarantor, and without relieving the Guarantor from any liability to the Chargee, and that the Guarantor's liability shall subsist and continue until payment in full is received by the Chargee of the entire Indebtedness together with all interest accrued thereon and all other monies secured by the Charge. Without limiting the generality of the foregoing, it is understood and agreed that the liability of the Guarantor shall subsist and continue, and be binding on the Guarantor, as well after as before default, and both before and after the Chargee's demand or the maturity of the Charge, until the outstanding Indebtedness secured by the Charge (together with all interest accrued thereon and all other monies secured by the Charge) have been fully paid and satisfied, and nothing whatsoever shall reduce, release or extinguish such liability of the Guarantor until the entire Indebtedness, together with interest thereon and all other monies secured by the Charge are fully paid to the Chargee as aforesaid.

(c) The Guarantor hereby expressly acknowledges and agrees that upon any default by the Chargor under the Charge, the Chargee shall thereupon be entitled to demand payment from the Guarantor of the entire outstanding principal and interest indebtedness secured thereunder, and shall be correspondingly entitled to exercise and pursue all rights, remedies and powers:

i) against the Chargor and/or the Property (or any portion thereof), without having to give any notice thereof whatsoever to the Guarantor; and/or

ii) against the Guarantor, without having to take any prior action (nor any action whatsoever) against the Chargor (or against any other party or parties), and without having to realize on the security of the Charge against the Property (or any portion thereof), and without having to exhaust or pursue any other rights, powers and/or remedies available to the Chargee against the Chargor or any other person or property whatsoever.

(d) It is further acknowledged and agreed by the Guarantor that the foregoing covenant of guarantee has been given to the Chargee free of any conditions, that no representations whatsoever have been made to the Guarantor affecting (or with respect to) the Guarantor's liability to the Chargee, that said guarantee is in addition to (and not in substitution for) any other guarantee(s) now or hereafter held or taken by the Chargee in respect of the outstanding indebtedness secured by the Charge (or any portion thereof), and that said guarantee shall not be deemed or construed to have been waived, released, discharged, impaired or affected by reason of any assignment and/or re-assignment of the Charge at any time hereafter, nor by reason of any subsequent sale, transfer or other conveyance of the Property (or any portion thereof) by the Chargor or the Chargor's successors in title thereto.

(e) Any payment made by the Guarantor to the Chargee pursuant to this guarantee shall not in any way or event be deemed or construed to affect or reduce the liability of the Chargor for the payment of any monies secured by the Charge, but rather such liability of the Chargor to the Chargee shall remain unimpaired and unaffected, and the Chargor may in such circumstances be liable to the Guarantor to the extent of any such payments made by the Guarantor to the Chargee, inasmuch as the Guarantor may be subrogated as against the Chargor to all of the rights, powers and privileges to which the Chargee was entitled prior to any such payment by the Guarantor; provided however that the Guarantor shall not be entitled under any circumstances to claim or rank for payment against the Chargor or the Property (or any portion thereof) in priority to, or *pari passu* with, the Chargee, nor otherwise compete with or against the Chargee insofar as the Chargor or the Property (or any portion thereof) so encumbered by the Charge is concerned, unless and until the entire Indebtedness, together with all interest accrued thereon and all other monies secured by the Charge, have been fully paid to the Chargee, and accordingly any monies or other property received or collected prior thereto by the Guarantor from the Chargor (either directly or indirectly) shall be deemed and construed to be held in trust by the Guarantor for and on behalf of the Chargee (and shall be forthwith remitted and/or paid to the Chargee by the Guarantor).

(f) The Chargee may vary any agreement or arrangement with, or release, the Guarantor (or any one or more of the Guarantors, if more than one party is named or described as Guarantor), and may grant extensions of time or other indulgences to the Guarantor, and/or otherwise deal with the Guarantor in any manner that the Chargee deems appropriate, in its sole, unfettered and unreviewable discretion, without any notice to (and without having to procure the consent of) the Chargor or any other Guarantor (or their respective successors or assigns), and without in any way reducing or otherwise affecting the liability of the Chargor to the Chargee arising under the Charge (nor reducing or otherwise affecting the liability of any other Guarantor to the Chargee).

(g) All covenants and obligations of the individual parties comprising the Guarantor shall be deemed and construed to be joint and several covenants and obligations. Accordingly, where more than one party is named or described in the Charge as a guarantor, then all of the foregoing covenants, liabilities and obligations of the Guarantor shall be deemed and construed to be joint and several covenants, liabilities and obligations, respectively. Furthermore, all of the covenants, liabilities and obligations of the Guarantor created or imposed by these standard charge terms shall be equally binding upon the Guarantor's respective heirs, estate trustees, successors and assigns.

COSTS ADDED TO PRINCIPAL

32. Without limiting or restricting any of the foregoing provisions of these standard charge terms, it is acknowledged and agreed that the Chargee may pay all premiums of insurance, and all realty taxes, utility charges and/or common expense payments which from time to time fall due and remain unpaid in respect of the Property (or any portion thereof), or in respect of any units owned by the Chargor in the Condominium Corporation and their appurtenant common interests, and all such payments so made by the Chargee, together with all costs and expenses incurred by or on behalf of the Chargee in negotiating, preparing and/or registering the Charge, investigating the title to the Property and/or in having the Property inspected and appraised, and incurred with respect to any proceedings taken or pursued by the Chargee in connection with the Charge (including recovering and keeping possession of the Property, or suing the Chargor on its covenant to pay, or otherwise pursuing the collection of the payment of the Indebtedness from the Chargor), or in realizing upon the security of the Charge [including without limitation, all legal fees, disbursements and real estate commissions and other costs incurred in leasing or selling the Property (or any portion thereof), or in exercising any power of sale in respect of the Property (or any portion thereof)], shall, together with interest thereon at the rate provided for in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), be and constitute a charge against the Property in favour of the Chargee, and the Chargee may also pay or satisfy any lien, charge or encumbrance (other than any of the Permitted Encumbrances) now

existing or hereafter created or claimed upon the Property, which payments, together with interest thereon at the rate provided for in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms) shall likewise be and constitute a charge against the Property in favour of the Chargee. It is further understood and agreed that all such amounts so paid or incurred by the Chargee as aforesaid shall be added to the Principal Sum secured by the Charge, and shall be payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, together with interest thereon at the rate provided for in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), and upon the Chargor's default in the payment of same all rights, powers and remedies conferred upon (or reserved to) the Chargee under or by virtue of the Charge and these standard charge terms shall thereupon become immediately exercisable.

INTERPRETATION, ENUREMENT, TIME OF THE ESSENCE & HEADINGS

33. The Charge and these standard charge terms shall be read and construed with all changes in gender and/or number as may be required by the context. All rights, powers, remedies, advantages, privileges, immunities and things secured to and in favour of the Chargee under or by virtue of the Charge and these standard charge terms (including the benefit of all covenants and obligations of the Chargor thereunder), shall enure to the benefit of the Chargee's successors and assigns, and all covenants, obligations and liabilities of the Chargor arising under or by virtue of the Charge and these standard charge terms shall correspondingly be binding upon the Chargor's heirs, estate trustees, successor and assigns (including any trustee in bankruptcy appointed in respect of the Chargor), as the case may be. All covenants, liabilities and obligations of the Chargor and the Guarantor respectively, shall be joint and several. Time shall be of the essence in respect of the performance and fulfilment of all covenants and obligations set forth in the Charge and in these standard charge terms. The headings used throughout these standard charge terms are inserted for convenience of reference purposes only, and shall not affect the interpretation or construction of the Charge nor these standard charge terms, and shall not define, restrict or limit any term or provision thereof.

CHARGOR'S ACKNOWLEDGMENT & AUTHORIZATION

34. The Chargor acknowledges having received a true copy of the Charge, and in the event E-Reg is operative in the applicable Land Titles Office in which the Property is registered, then the Chargor expressly authorizes the Chargee (and/or its solicitors) to register the Charge against the Property electronically in the Teraview Electronic Registration System.

Dated this 20th day of December, 2004.

LOMBARD GENERAL INSURANCE COMPANY OF CANADA
by its solicitors, **DelZotto, Zorzi LLP**

Per: ______________________
Harry Herskowitz

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200501 Code

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200502 Cote
Filing Date JAN. 6th/05 Date de Dépôt
Page 1 of/de 11 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed by EDUCATION CREDIT UNION LIMITED

File No: Filing Date:

The following Set of Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L.4 as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this Set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, except to the extent that the provisions of this Set of Standard Charge Terms are modified by additions, amendments or deletions in the schedule. Any charge in an electronic format of which this Set of Standard Charge Terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge"

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act.

1. Definitions, in this set of Standard Charge Terms:

(a) **Credit Union** means the Education Credit Union Limited.

(b) **Charge** means this Charge/Mortgage of Land made pursuant to the Land Registration Reform Act, R.S.O 1990, C.L. 4, and any amendments thereto, to which the Chargor and the Chargee are parties and which is dated as of the Date of Signature of the first named Chargor who signs the Charge.

(c) **Chargee** means the Credit Union or its administrators, successors and assigns.

(d) **Chargor** means each Chargor described in this Charge.

(e) **Costs** means the fees, costs, charges and expenses of the Credit Union of and incidental to (1) the preparation, execution and registration of the Charge and any other instruments connected herewith; (2) the collection, enforcement, realization of the security herein contained; (3) procuring payment of the indebtedness due and payable hereunder, including foreclosure, power of sale or execution proceedings commenced by the Credit Union or any other party; (4) any inspection required to be made of the Property; (5) all necessary repairs required to be made to the Property; (6) the Credit Union's having to go into possession of the Property and secure, complete and equip the building or buildings in any way in connection therewith; (7) the Credit Union's renewal of any leasehold interest; (8) the exercise of any of the powers of a receiver contained herein; and (9) all solicitor's costs, costs and expenses of any necessary examination of the title to and of valuation of the Property. Costs shall (1) extend to and include legal costs incurred by the Credit Union as between solicitor and his own client; (2) be payable forthwith by the Chargor; and (3) be a charge on the Property.

(f) **Fixtures** include but are not limited to furnaces, boilers, oil burners, stokers, water heaters, electric light fixtures, screen and storm doors and windows, air conditioning, plumbing, cooling and heating equipment and an apparatus and equipment appurtenant to the Property.

(g) **Indebtedness** means all moneys and liabilities matured or not, whether present or future, direct or indirect, absolute or contingent, now or at any time hereafter owing or incurred, wheresoever or howsoever incurred from or by the Chargor, as principal or surety, whether alone or jointly with any other person and in whatever name style or firm, whether otherwise secured or not and whether arising from dealings between the Credit Union and the Chargor or from other dealings or proceedings by which the Credit Union may become a creditor of the Chargor including, without limitation, advances upon overdrawn account or upon bills of exchange, promissory notes or other obligations discounted for the Chargor or otherwise, all bills of exchange, promissory notes and other obligations negotiable or otherwise representing money and liabilities, or any portion thereof, now or hereafter owing or incurred from or by the Chargor and all interest, damages and Costs, and all premiums of insurance upon the buildings, Fixtures and improvements now or hereafter brought or erected upon the said Property which may be paid by the Credit Union and Taxes.

(h) **Interest Rate** means the Interest Rate set out in the Charge or a Schedule thereto.

(i) **Payment Amount** means the Principal Amount in lawful money of Canada set out in this Charge that is outstanding from time to time under this Charge.

(j) **Property** means the property identified in this Charge by the Property Identifier(s) and described in the description therein and in a Schedule to this Charge, if required, and includes all buildings, fixtures and Improvements now or hereafter brought or erected thereon.

(k) **Spouse of Chargor** means each Spouse or Chargor described in this Charge.

(l) **Taxes** means all taxes, rates and assessments, municipal, local, parliamentary or otherwise.

If the Property is a condominium unit, the following definitions apply:

(m) **Condominium Corporation** means the Condominium Corporation which was created by the registration of the Declaration and the description relating thereto of which the Property hereby charged constitutes a part.

(n) **Common Expenses** means the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the Condominium Act (Ontario) as amended from time to time or in the Declaration.

(o) **Declaration** means the Declaration which, together with a description, was registered pursuant to the Condominium Act. to create the Condominium Corporation.

2. **Acceleration Clause:** Provided that on the sale or the transfer of ownership of the Charged Lands or any part thereof or on the termination of membership of the Chargor in the Education Credit Union Limited for any reason, or on the Chargor ceasing to be a member in good standing of the Education Credit Union Limited as defined in any loan or other agreement or regulation, or in the event of default all moneys then owing in any of such events shall forthwith become due and payable at the option of the Chargee together with any prepayment charges set out in the said Charge or any Schedules thereto.

3. **Portability Clause:**

(a) If the Property consists only of a Single Family Residence; the Chargor is not in default: there are no subsequent encumbrances on the title to the Property; and the Chargor completes a new mortgage loan application which is approved by the Credit Union and satisfied the Credit Union's lending requirements, the Chargor may do one of the following:

(i) increase the outstanding Principal Amount of this Charge. For the purposes of this subsection 3(a) (i) the term Chargor shall include a purchaser, grantee, or transferee who has been approved by the Credit Union to assume this Charge and has assumed all the obligations of the Chargor or signed an assumption agreement of the Credit Union;

(ii) transfer the outstanding Principal Amount and Interest Rate set out in this Charge to a Single Family Residence which has been purchased by the Chargor (the 'New Lands');

(iii) transfer the outstanding Principal Amount and Interest Rate set out in this Charge to a Single Family Residence which has been purchased by the Chargor (the "New Lands') and increase the Principal Amount of this Charge.

(b) The Interest Rate set out in this Charge ('Current Rate') will continue to apply to the Principal Amount outstanding as of the date of the written approval to the foregoing from the Credit Union. Any increase in the Principal Amount will bear interest at the Prevailing Rate as defined in subsection 3(f) below.

(c) For the purposes of subsections 3(a) (ii) and (iii), a new Charge ("New Charge') must be registered against title to the New Lands. The New Charge will secure the outstanding balance and the increased Principal Amount at a rate which will blend the Current Rate and the Prevailing Rate (The "New Interest Rate'), for a term commencing on the date set out in the Credit Union's written approval and expiring on the Balance Due Date of this Charge. The New Interest Rate will be set out in the Credit Union's written approval.

(d) For the purposes of subsections 3(a)(i), an amending agreement or new Charge at the Credit Union's option, must be registered against the title to the Property. This charge together with the amending agreement will secure the outstanding balance and the increased Principal Amount at a rate which will blend the Current Rate and the Prevailing Rate ('New Interest Rate"), for a term commencing on the date set out in the Credit Union's written approval and expiring on the Balance Due Date of this Charge. The New Interest Rate will be set out in the Credit Union's written approval.

(e) The Chargor will pay all costs, charges and expenses incidental to the approval, taking, preparation, execution and registration of the New Charge or if applicable, and amending agreement.

(f) The "Prevailing Rate" at the time of prepayment means the rate at which the Credit Union would then lend to the Chargor on the Security of the First Charge on the Property charged, or, if applicable, on the security of a first Charge on the "New Lands" for a term commencing on the date of prepayment and expiring on the Balance Due Date of this Charge.

4. **Charge of Property:** The Chargor has, at the request of the Credit Union, agreed to give this Charge as a CONTINUING COLLATERAL SECURITY for payment to the Credit Union ON DEMAND of the Indebtedness, provided that such security be limited to the Principal Amount plus costs, or unless otherwise stated in the promissory notes, with interest thereon at the Interest Rate as stated in the promissory notes.

Variable Rate Option: Interest at the Interest Rate is calculated and payable monthly, not in advance, before and after demand, default and judgment, with interest on overdue interest and on all other amounts charged to the Chargor hereunder at the Interest Rate.

The following paragraphs set out interest rates calculated half-yearly not in advance which are equivalent to interest rates calculated monthly not in advance and the manner of calculating interest payable under the Charge to determine how much of each monthly payment is interest and how much, if any, is principal.

(d) The day on which a monthly instalment is required to be made under box 9(e) of the Charge is referred to as a "Payment Date". The interest component of any such monthly instalment which is made on a particular Payment Date (the "Current Payment Date") may be calculated as follows:

(i) determine the number of calendar days between the immediately preceding Payment Date and the Current Payment Date, excluding the preceding Payment Date and including the Current Payment Date;

(ii) multiply the Loan Amount owing under the Charge (after the payment made on the immediately preceding Payment Date) by the Interest Rate in effect on such Payment Date and multiply the result by the number of days determined in accordance with sub-clause (i); and

(iii) divide the result obtained in sub-clause (ii) by the number of days in the year.

(To calculate the interest component of the monthly instalment made on the first Payment Date, multiply the Loan Amount by the Interest Rate in effect on the date of the Charge, multiply the result by the number of calendar days between the date the Loan Amount is advanced and the first Payment Date (excluding the date of such advance and including the first Payment Date), and then divide that result by the number of days in the year).

(e) FOR EXAMPLE, if an instalment payment under the Charge was made on July 15, 2004 (the immediately preceding Payment Date), and the Loan Amount owing after that payment was $10,000.00, and the Interest Rate on July 15, 2004 was 12% per annum calculated monthly then, in the case of an instalment payment made on August 15, 2004:

(i) the period over which interest is payable would be from July 15, 2004, to August 15, 2004, a period of 31 days; and

(ii) the interest component of the instalment paid on August 15, 2004, would be calculated by multiplying $10,000.00 by the Interest Rate of 12%, multiplying the result by 31 days and dividing that result by 365 days, being an amount of $101.92.

In the event that the Interest Rate changes once between the immediately preceding Payment Date and the Current Payment Date, two calculations are required, the first for the period from the immediately preceding Payment Date to and including the effective date of the change in the Interest Rate, and the second for the period from that date to and including the Current Payment Date. Additional similar calculations would be made if more than one change in the Interest Rate occurs between the two Payment Dates.

(c) For convenience, the following table sets out, for various Interest Rates, a daily "interest factor" which indicates the amount of interest (in dollars) payable per day for each $1,000.00 of Loan Amount owing under the Charge. To determine the interest component of a payment to be made on a particular Payment Date, just divide the Loan Amount owing after the last payment by $1,000.00 then multiply the result by the appropriate interest factor, and then multiply that result by the number of days since the last payment.

Interest Rate Calculated Monthly Not in Advance	Equivalent Interest Rate Calculated Half-Yearly Not in Advance	Daily Dollar Interest Factor per $1,000.00 of Principal	Interest Rate Calculated Monthly Not in Advance	Equivalent Interest Rate Calculated Half-Yearly Not in Advance	Daily Dollar Interest Factor Per $1,000.00 Of Principal
%	%	$	%	%	$
3.00000	3.01880	0.08219	4.00000	4.03350	0.10959
3.12500	3.14540	0.08562	4.12500	4.16060	0.11301
3.25000	3.27210	0.08904	4.25000	4.28780	0.11644
3.37500	3.39880	0.09247	4.37500	4.41510	0.11986
3.50000	3.52560	0.09589	4.50000	4.54240	0.12329
3.62500	3.65250	0.09932	4.62500	4.66980	0.12671
3.75000	3.77940	0.10274	4.75000	4.79730	0.13014
3.87500	3.90640	0.10616	4.87500	4.92480	0.13356

Interest Rate Calculated Monthly Not in Advance %	Equivalent Interest Rate Calculated Half-Yearly Not in Advance %	Daily Dollar Interest Factor per $1,000.00 of Principal $	Interest Rate Calculated Monthly Not in Advance %	Equivalent Interest Rate Calculated Half-Yearly Not in Advance %	Daily Dollar Interest Factor Per $1,000.00 Of Principal $
5.00000	5.05240	0.13699	13.00000	13.35720	0.35616
5.12500	5.18000	0.14041	13.12500	13.48920	0.35959
5.25000	5.30780	0.14384	13.25000	13.62120	0.36301
5.37500	5.43550	0.14726	13.37500	13.75330	0.36644
5.50000	5.56340	0.15068	13.50000	13.88540	0.36986
5.62500	5.69130	0.15411	13.62500	14.01770	0.37329
5.75000	5.81930	0.15753	13.75000	14.15000	0.37671
5.87500	5.94740	0.16096	13.87500	14.28230	0.38014
6.00000	6.07550	0.16438	14.00000	14.41470	0.38356
6.12500	6.20370	0.16781	14.12500	14.54720	0.38699
6.25000	6.33190	0.17123	14.25000	14.67980	0.39041
6.37500	6.46030	0.17466	14.37500	14.81240	0.39384
6.50000	6.58870	0.17808	14.50000	14.94510	0.39726
6.62500	6.71710	0.18151	14.62500	15.07790	0.40069
6.75000	6.84560	0.18493	14.75000	15.21080	0.40411
6.87500	6.97420	0.18836	14.87500	15.34370	0.40753
7.00000	7.10290	0.19178	15.00000	15.47660	0.41096
7.12500	7.23160	0.19521	15.12500	15.60970	0.41438
7.25000	7.36040	0.19863	15.25000	15.74280	0.41781
7.37500	7.48920	0.20205	15.37500	15.87600	0.42123
7.50000	7.61820	0.20548	15.50000	16.00920	0.42469
7.62500	7.74720	0.20890	15.62500	16.14250	0.42808
7.75000	7.87620	0.21233	15.75000	16.27590	0.43151
7.87500	8.00530	0.21575	15.87500	16.40940	0.43493
8.00000	8.13450	0.21918	16.00000	16.54290	0.43836
8.12500	8.26380	0.22260	16.12500	16.67650	0.44178
8.25000	8.39310	0.22603	16.25000	16.81020	0.44521
8.37500	8.52250	0.22945	16.37500	16.94390	0.44863
8.50000	8.65190	0.23288	16.50000	17.07770	0.45206
8.62500	8.78150	0.23630	16.62500	17.21160	0.45548
8.75000	8.91110	0.23973	16.75000	17.34550	0.45890
8.87500	9.04070	0.24315	16.87500	17.47950	0.46233
9.00000	9.17040	0.24658	17.00000	17.61360	0.46575
9.12500	9.30020	0.25000	17.12500	17.74770	0.46918
9.25000	9.43010	0.25342	17.25000	17.88190	0.47260
9.37500	9.56000	0.25685	17.37500	18.01620	0.47603
9.50000	9.69000	0.26027	17.50000	18.15060	0.47945
9.62500	9.82010	0.26370	17.62500	18.28500	0.48288
9.75000	9.95020	0.26712	17.75000	18.41950	0.48630
9.87500	10.08040	0.27055	17.87500	18.55400	0.48973
10.00000	10.21070	0.27397	18.00000	18.68870	0.49315
10.12500	10.34100	0.27740	18.12500	18.82340	0.49656
10.25000	10.47140	0.28082	18.25000	18.95810	0.50000
10.37500	10.60190	0.28425	18.37500	19.09300	0.50343
10.50000	10.73240	0.28767	18.50000	19.22790	0.50685
10.62500	10.86300	0.29110	18.62500	19.36280	0.51027
10.75000	10.99370	0.29452	18.75000	19.49790	0.51370
10.87500	11.12440	0.29795	18.87500	19.63300	0.51712
11.00000	11.25520	0.30137	19.00000	19.76820	0.52055
11.12500	11.38610	0.30480	19.12500	19.90340	0.52397
11.25000	11.51700	0.30822	19.25000	20.03870	0.52740
11.37500	11.64800	0.31164	19.37500	20.17410	0.53082
11.50000	11.77910	0.31507	19.50000	20.30960	0.53425
11.62500	11.91020	0.31849	19.62500	20.44510	0.53767
11.75000	12.04140	0.32192	19.75000	20.58070	0.54110
11.87500	12.17270	0.32534	19.87500	20.71640	0.54452
12.00000	12.30400	0.32877	20.00000	20.85210	0.54795
12.12500	12.43540	0.33219	20.12500	20.98790	0.55137
12.25000	12.56690	0.33562	20.25000	21.12380	0.55480
12.37500	12.69850	0.33904	20.37500	21.25970	0.55822
12.50000	12.83010	0.34247	20.50000	21.39570	0.56164
12.62500	12.96180	0.34589	20.62500	21.53180	0.56507
12.75000	13.09350	0.34932	20.75000	21.66800	0.56849
12.87500	13.22530	0.35274	20.87500	21.80420	0.57192

Interest Rate Calculated Monthly Not in Advance %	Equivalent Interest Rate Calculated Half-Yearly Not in Advance %	Daily Dollar Interest Factor per $1.000.00 of Principal $	Interest Rate Calculated Monthly Not in Advance %	Equivalent Interest Rate Calculated Half-Yearly Not in Advance %	Daily Dollar Interest Factor Per $1.000.00 Of Principal $
21.00000	21.94050	0.57534	23.00000	24.13070	0.63014
21.12500	22.07680	0.57877	23.12500	24.26810	0.63356
21.25000	22.21330	0.58219	23.25000	24.40570	0.63699
21.37500	22.34980	0.58562	23.37500	24.54330	0.64041
21.50000	22.48630	0.58904	23.50000	24.68100	0.64384
21.62500	22.62300	0.59247	23.62500	24.81880	0.64726
21.75000	22.75970	0.59590	23.75000	24.95660	0.65069
21.87500	22.89650	0.59932	23.87500	24.09450	0.65411
22.00000	23.03330	0.60274	24.00000	25.23250	0.65753
22.12500	23.17020	0.60616	24.12500	25.37050	0.66096
22.25000	23.30720	0.60959	24.25000	25.50870	0.66438
22.37500	23.44430	0.61301	24.37500	25.64680	0.66781
22.50000	23.58140	0.61644	24.50000	25.78510	0.67123
22.62500	23.71860	0.61986	24.62500	25.92340	0.67466
22.75000	23.85590	0.62329	24.75000	26.06180	0.67808
22.87500	23.99320	0.62671	24.87500	26.20030	0.68151
			25.00000	26.33880	0.68493

*The Equivalent Interest Rate quoted half-yearly, not in advance, is provided for information purposes only. It is that rate of interest calculated half-yearly and not in advance which is equivalent to the adjacent Interest Rate which is calculated monthly and not in advance.

(d) Using the foregoing table, assume that the Loan Amount outstanding after the payment made on the immediately preceding Payment Date was $10.000.00, that the Interest Rate on that date was 12.0% (and did not change) and that there were 31 days between the two Payment Dates. To calculate the interest component of the instalment being made on the Current Payment Date multiply

Loan Amount Outstanding After Last Payment Made		Daily Interest Factor Per $1000 of Principal	X	Number of Days Between Payment Dates
$10.000	X	.32877	X	31 = $101.92

Therefore, the interest component of the payment is $101.92

Fixed Rate Option: Interest at the Interest Rate is calculated and payable semi-annually, not in advance before and after demand, default and judgment, with interest on overdue interest and on all other amounts charged to the Chargor hereunder at the Interest Rate. The Chargor,

(a) If the Property is freehold property, hereby charges the Property to the Credit Union; or

(b) If the Property is a leasehold interest, hereby charges and sub-leases the Property to the Credit Union for and during the unexpired residue of the term of the lease, except the last day thereof, and all other estate, term, right of renewal and other interest of the Chargor in the lease, to secure the repayment of the Indebtedness and the performance of all of the obligations of the Chargor contained herein. The Chargor hereby releases to the Credit Union all its claims upon the Property until the Chargor has repaid the Indebtedness and performed all of the obligations of the Chargor in the manner provided by this Charge.

5 **Covenants of the Chargor**. The Chargor hereby covenants with the Credit Union that:

(a) The Chargor will ON DEMAND pay the Indebtedness and observe all provisos, conditions and agreements contained herein.

(b) The Chargor has a good title in fee simple to the Property (unless the Chargor is a lessee of the Property), save and except prior registered encumbrances.

(c) The Chargor has the right to charge the Property to the Credit Union.

(d) On default the Credit Union shall have quiet possession of the Property free from all encumbrances save as aforesaid.

(e) Covenant 1.vii, deemed to be included in this Charge by subsection 7(1) of the Land Registration Reform Act, 1990, is hereby expressly varied by providing that the Chargor will, before or after default, execute such further assurances of the Property and do such other acts, at the Chargor's expense, as may be reasonably required.

(f) The Chargor will insure the Property to an amount of not less than the Principal Amount PROVIDED that if and whenever such amount be greater than the insurable value of the buildings, Fixtures and improvements now or hereafter brought or erected upon the Property, such insurance shall not be required in any greater amount than such insurable value and if and whenever the same shall be less than the insurable value the Credit Union may require such insurance to the full replacement value. It is further agreed that the Credit Union may require any insurance hereunder to be cancelled and new insurance effected by an insurer to be approved by it and also may of its own accord effect or maintain any insurance herein provided for and any amount paid by the Credit Union therefor shall be payable forthwith to the Credit Union with interest at the Interest Rate by the Chargor and shall be a charge upon the Property.

(g) The Chargor will in each year within ten (10) days after the Taxes become due and payable produce to and leave with the Credit Union the duly receipted tax bills for that year covering the Property.

(h) This Charge shall be void UPON REPAYMENT of the Indebtedness upon demand; or without demand UPON PERMANENT REPAYMENT of the Indebtedness, with written notice to such effect to the Credit Union. The Chargor releases to the Credit Union all the Chargor's claims upon the Property subject to this paragraph; and

(i) The Chargor agrees to assign to the Credit Union forthwith upon the request of the Credit Union as additional security for payment of the Indebtedness and the performance of the covenants herein contained, any present or future lease which may be granted by the Chargor as to the whole or any portion of the property and agrees to deliver to the Credit Union executed copies of all such leases at the written request of the Credit Union. The Chargor covenants to perform and comply with all lessor's covenants contained in any leases assigned by the Chargor to the Credit Union. Notwithstanding the assignment or assignments of any lease or leases by the Chargor to the Credit Union, it is nevertheless declared and agreed that none of the rights or remedies of the Credit Union under this Charge shall be delayed or in any way hindered or prejudiced by such assignment or assignments or by any act of the Credit Union pursuant thereto.

6. **Additional Covenants** if Property is a leasehold interest.

The Chargor covenants with the Credit Union that:

(a) the Chargor has a good leasehold title to the Property.

(b) The Chargor has a right to charge and sublet the leasehold title to the Property to the Credit Union in the manner herein provided and, if required, has obtained the lessor's consent to this Charge.

(c) Neither the Chargor nor any other person has heretofore made, done, committed or suffered any act to encumber the lease or any part thereof;

(d) The lease is a good, valid and subsisting lease and not surrendered, forfeited, amended or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Chargor up to the Date of Signature of the Chargor.

(e) During the continuance of this Charge, the Chargor will not amend, surrender or modify the lease without the written consent of the Credit Union and will pay the rent reserved by the lease and perform and observe the covenants, provisos and conditions contained in the lease and on the lessee's part to be performed and observed and hereby agrees to keep the Credit Union indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything related thereto; and

(f) The Chargor will stand possessed of the Property for the last day of the term or of any renewal term granted by the lease in trust for the Credit Union, and will assign and dispose thereof as the Credit Union may direct, but subject to the same right of redemption and other rights as are hereby given to the Chargor with respect to the derivative term hereby granted.

7. **Repair and Maintenance of Property**. The Chargor covenants with the Credit Union that the Chargor will keep the Property in good condition and repair. The Credit Union may, whenever it deems it necessary, by its agent enter upon and inspect the Property and the Chargor shall pay the Costs associated therewith. If the Chargor or anyone claiming under him neglects to keep the Property in good condition and repair or commits any act of waste on the Property or does anything by which the value of the Property shall be diminished, as to all of which the Credit Union shall be sole judge, or makes default as to any of the covenants or provisos herein contained, the Indebtedness shall, at the option of the Credit Union, forthwith become due and payable. In default of payment thereof the powers of entering upon and leasing or selling hereby given may be exercised forthwith, and the Credit Union may make such repairs as it deems necessary and the Costs thereof shall be paid by the Chargor.

8. **Obligations to build diligently**. The Chargor covenants with the Credit Union that if the Chargor fails at any time for a period of ten days to diligently carry on the work of construction of any building or buildings being or to be erected on the Property or, without the consent in writing of the Credit Union, departs in such construction from any plans and specifications thereof which must be approved by the Credit Union or from the generally accepted standards of construction in the locality of the Property, or permits any construction or other lien to be registered against the Property for any period exceeding thirty days, the Credit Union at its option at any time thereafter through its agents or contractors may enter the Property and have exclusive possession thereof and of all materials, plant, gear and equipment thereon free of interference from or by the Chargor and complete the construction of the building or buildings either according to the said plans and specifications or according to other plans, specifications or design as the Credit Union in its absolute discretion shall erect. All Costs in connection therewith shall be payable by the Chargor.

9. **Remedies on Default of Chargor.** It is hereby provided that:

(a) Power to lease or sell Property - The Credit Union on default of payment of the Indebtedness or any portion thereof for the minimum default period on giving the minimum notice, according to applicable law, may enter on, lease or sell the Property. Provided further that on default of payment for the minimum default period, according to applicable law, the foregoing power of entry, leasing and selling may be exercised by the Credit Union without any notice whatsoever.

(b) Rights of Credit Union in sale of Property.

(i) the Credit Union in the event of default by the Chargor in payment of the Indebtedness or any portion thereof may sell the Property or any part thereof or, if the Property is a leasehold interest, sell the unexpired term of years demised by the lease or any part thereof by public auction or private sale for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale as it shall in its discretion deem proper, and in the event of any sale on credit or for cash or for part cash and part credit, the Credit Union shall not be accountable for or be charged with any moneys until actually received by it. The Credit Union may rescind or vary any contract or sale and may buy in and re-sell the Property or any part thereof without being answerable for loss occasioned thereby; and no purchaser shall be bound to enquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety; and no lack of default or want of notice or other requirements or any irregularity or impropriety of any kind shall invalidate any sale hereunder, but the Credit Union alone shall be responsible. The Credit Union may sell without entering into actual possession of the Property and while in possession shall be accountable only for moneys which are actually received by it and sales may be made by it from time to time of parts of the Property to satisfy any portion of the Indebtedness, leaving the residue thereof secured hereunder on the remainder of the Property, or may take proceedings to sell and may sell the Property or any portion of the property subject to the balance of the Indebtedness not yet due at the time of the said sale;

(ii) Disposition of Leasehold Property - If the Property is a leasehold interest, the Chargor hereby irrevocably appoints the Credit Union as the Chargor's substitute to be the Chargor's attorney during the continuance of this security. In the event of default and on giving the notice contemplated herein to the Chargor for and on behalf of the Chargor, the Credit Union may assign the lease and convey the Property and the last day of the term granted by the lease as the Credit Union shall at any time direct, and in particular, upon any sale made by the Credit Union under the statutory power or power of sale herein contained, to assign the lease and convey the Property and the said reversion to the purchaser. It is hereby declared that the Credit Union or other person for the time being entitled to the Indebtedness may at any time, by deed, remove the Chargor or any other person from being a trustee of the lease under the declaration of trust hereinbefore declared and on the removal of the Chargor or any future trustee of the lease, appoint a new trustee or trustees in the Chargor's place;

(iii) If the Property is a leasehold interest, the Chargor will, with respect to the lease, at the request of the Credit Union, but at the cost, charge and expense of the Chargor, grant and assign unto the Credit Union, or the person whom it may appoint, the last day of the said term hereinbefore excepted or any renewal or substituted term; and further, in the event of the Credit Union making any sale under the power of sale herein contained the Chargor shall stand seized and possessed of the Property for the last day of the said term hereinbefore excepted, and of any renewal or substituted term, and of all rights of renewal in trust for the purchaser or purchasers, his or their heirs, executors, administrators, successors and assigns.

(c) Costs of sale of Property - The Costs of any sale proceedings hereunder, whether such sale proves abortive or not, incurred in taking, recovering or keeping possession of the Property or in enforcing the personal remedies under this Charge or by reason of non-payment or in procuring payment of the Indebtedness shall be payable by the Chargor whether any action or proceeding has commenced or not.

(d) If default of payment shall be made, in respect of any amount due under the Charge, whether for principal, interest or otherwise, the Chargee on such default of payment continuing for at least fifteen (15) days may on at least thirty-five (35) days' notice enter on and lease the charged land or any part or parts thereof and receive and take the rents, issues and profits thereof or on such default of payment continuing for at least fifteen (15) days may on at least thirty-five (35) days' notice sell the charged land or any part or parts thereof, in accordance with the following provisions:

(i) notice shall be given to such persons and in such manner and form and within such time as provided under Part III of the Mortgages Act, R.S.O. 1990, Chapter M.40, as amended and supplemented from time to time, or under such statutory provision as may be enacted in substitution or amendment of Part III; provided that in the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a person on the charged land, if occupied, or by placing the same on some portion thereof, if unoccupied, or at the option of the Chargee by mailing it in a registered letter addressed to the Chargor at his last known address or by publishing it once in a newspaper published in the area or region in which the charged land is situate;

(ii) such notice shall be sufficient although not addressed to any person or persons by name or designation, and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability;

(iii) sale of the charged land may be by public auction or private sale or partly by one and partly by the other for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale and stipulations as to title or evidence of commencement of title or otherwise as the Chargee in its discretion shall deem proper;

(iv) in the event of any sale on credit or for part cash and part credit, the Chargee shall not be accountable for or charged with any moneys until actually received;

(v) the Chargee may rescind or vary any contract of sale and may buy in and resell the charged land or any part thereof without being answerable for any loss occasioned thereby;

(vi) the Chargee may sell all or any part of the buildings, fixtures, machinery, equipment, crops and standing or fallen trees or any severable part of any unit apart from the charged land and the purchaser shall have all necessary access for severing, cutting and removal;

(vii) no purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale or lease hereunder;

(viii) the Chargee may sell or lease without entering into actual possession of the charged land and when it desires to take possession it may break locks and bolts and while in possession shall only be accountable for moneys received by it;

(ix) subject to compliance with the Planning Act, R.S.O. 1990, C. P. 13, and the Condominium Act if applicable, as each may be amended and supplemented from time to time, sales may be made from time to time of any part or parts of the charged land to satisfy any portion of the principal or interest or other indebtedness owing to the Chargee pursuant to or in respect of the Charge, leaving the principal or residue thereof secured with the interest payable under the Charge on the remainder of the charged land or the Chargee may take proceedings to sell and may sell the charged land for part of any sums owing or in arrears subject to the balance of said sums not yet due at the time of the said sale;

(x) the Chargor hereby appoints the Chargee the Chargor's true and lawful attorney and agent to make application under the said Planning Act and to do all things and execute all documents to effectually complete any such sale or lease;

(xi) the Chargee may lease or take sale proceedings notwithstanding that other mortgage proceedings have been taken or are then pending;

(xii) the proceeds of any sale or lease hereunder shall be applied first in payment of any costs, charges including legal fees on a solicitor and his own client basis, expenses, commissions and fees which may be incurred in taking, recovering, or keeping possession of the charged land or in making sales, leases and conveyances as aforesaid or by reason of non-payment or procuring payment of any amounts owing under the Charge (including sums which the Chargee has paid for taxes, insurances, repairs and maintenance, Common Expenses and other amounts added thereto or payable by the Chargor to the Condominium Corporation if the charged land is or includes a unit of a Condominium Corporation); and in the next place to unpaid interest and costs and all other amounts save the principal amount secured by the Charge and thereafter to the principal amount then due in respect of the Charge; and thereafter to all amounts due to subsequent encumbrancers according to their priorities; and the balance, if any, of such proceeds to the Chargor, its successors or assigns;

(xiii) the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by its wilful neglect or default; and

(xiv) no sale or other dealing by the Chargee with the charged land or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the moneys secured by the Charge.

Despite the foregoing power of sale, the Chargee shall be entitled to its right of foreclosure of the right of the Chargor as fully as if the power of sale were not contained herein.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200502 Cote

10 **Appointment of Receiver** If the Chargor shall be in default in the observance or performance of any of the terms, conditions, covenants or payments described herein or in any additional or collateral security given by the Chargor to the Credit Union, then the Credit Union may in writing appoint any person, officer or employee of the Credit Union or not, to be a receiver of the Property and the rents and profits derived therefrom, and may remove the receiver so appointed and appoint another in his stead. The term "receiver" as used in this Charge includes a receiver and manager. The following provisions shall apply to this paragraph:

(a) The receiver so appointed is conclusively the agent of the Chargor, and the Chargor shall be solely responsible for the acts or defaults and for the remuneration and expenses of the receiver. The Credit Union shall not be responsible in any way for any misconduct or negligence on the part of the receiver and may, from time to time, fix the remuneration of the receiver and be at liberty to direct the payment thereof from proceeds collected.

(b) Nothing contained herein and nothing done by the Credit Union or by the receiver shall render the Credit Union a mortgagee in possession or responsible as such.

(c) All monies received by the receiver, after providing for payment and charges ranking prior to this Charge and for all applicable Costs shall be applied in or towards satisfaction of the remaining Indebtedness

(d) The receiver so appointed shall have power to:

  (i) take possession of the Property, collect rents and profits and realize upon additional or collateral security granted by the Chargor to the Credit Union and for that purpose may take proceedings, be they legal or otherwise, in the name of the Chargor or otherwise;

  (ii) carry on or concur in carrying on the business which the Chargor is conducting on and from the Property and for that purpose borrow money on the security of the Property in priority to this Charge; and

  (iii) lease all or any portion of the Property and for this purpose execute contracts in the name of the Chargor which said contracts shall be binding upon the Chargor.

(e) The rights and powers conferred herein are supplemental to and not in substitution for any rights which the Credit Union may have from time to time.

11 **Taking Possession of Personal Property**. The Credit Union may distrain for arrears of any portion of the Indebtedness. The Chargor hereby waives the right to claim exemption and agrees that the Credit Union shall not be limited to the amount for which it may distrain.

12 **Quiet Possession.** Until default of payment the Chargor shall have quiet possession of the property.

13 **Release of Property by Credit Union**. It is hereby agreed by the Chargor that the Credit Union may at its discretion at all times release any part or parts of the Property or any other security or any surety for the Indebtedness or any portion thereof either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the Property or any person from this Charge or from any of the covenants herein contained and without being accountable to the Chargor for the value thereof or for any money except that actually received by the Credit Union, it being expressly agreed that every part or lot into which the Property is or may hereafter be divided does and shall stand charged with the whole of the Indebtedness.

No extension of time given by the Credit Union to the Chargor, or anyone claiming under the Chargor or any other dealing by the Credit Union with the owner or owners of the Property or of any part thereof shall in any way affect or prejudice the rights of the Credit Union against the Chargor or any other person liable for the payment of the Indebtedness or any portion thereof.

For greater certainty, the Charge and the Indebtedness thereby secured are assignable by the Chargee, and payment of amounts secured by the Charge to the Chargee in circumstances wherein it is intended that the Charge be assigned and not discharged, shall not cause the Charge to cease to operate nor entitle the Chargor to a discharge of the Charge.

14 **Payment of other Charges and Performance of other Obligations by the Credit Union.** The Chargor hereby agrees that:

(a) the Credit Union may satisfy any Charge now or hereafter existing or to arise or be claimed upon the Property and the amount so paid shall be added to the Indebtedness and bear interest at the Interest Rate and shall be payable forthwith by the Chargor to the Credit Union and in default of payment, the Indebtedness shall become payable and the powers of sale hereby given may be exercised forthwith without any notice. And in the event of the Credit Union satisfying any such Charge or claim, it shall be entitled to all equities and securities of the person or persons so satisfied and it may retain any discharge or cessation of Charge unregistered until paid; and

(b) if the Property is a leasehold interest, and if the Chargor shall refuse or neglect to renew the lease or any renewals thereof granted hereafter, then, and as often as it shall happen, the Credit Union may, effect such renewals in its own name or otherwise, and every renewal of the lease and the Property thereby demised shall remain and be security to the Credit Union for the Indebtedness. All Costs in connection therewith shall be payable by the Chargor.

15. **No Obligation to Advance.** Neither the preparation, execution, delivery nor registration of the Charge nor the advance in part of the principal amount of the Charge shall bind the Chargee to advance the whole of the principal amount or any unadvanced portion thereof but nevertheless the Charge shall take effect forthwith on the execution and delivery of the Charge by the Chargor.

16. **Sale or Transfer of Property by Chargor**. The Chargor covenants and agrees with the Credit Union that:

(a) The Chargor will not without the prior consent in writing of the Credit Union, sell, transfer or otherwise dispose of the Property or any portion thereof or any interest therein; and, in the event of such sale, transfer or other disposition, without the consent of the Credit Union, the Indebtedness hereby secured shall, at the option of the Credit Union, forthwith become due and payable; and

(b) If the Property is a leasehold interest, no sale or other dealing by the Chargor with the lease or the Property or any part thereof and any other dealing by the Credit Union with the lease or the Property or any part thereof, shall in any way affect or prejudice the rights of the Credit Union against the Chargor or any other person liable to repay the Indebtedness hereby secured.

17. **Charge not a Substitute for any other Security.** It is hereby expressly agreed by the Chargor that this Charge shall not create any merger, rebate or discharge of any debt owing to the Credit Union of any lien, bond, promissory note, bill of exchange or other security held by or which may hereafter be held by the Credit Union, whether from the Chargor or any other party or parties whomsoever and this Charge shall not in any way affect any security held or which may hereafter be held by the Credit Union for the Indebtedness or any portion or portions thereof or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Credit Union for or on account of the Indebtedness or any portion or portions thereof nor shall the remedies of the Credit Union in respect thereof be affected in any manner whatsoever.

18. **Judgments**. The taking of a judgment or judgments against the Chargor on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Credit Union's rights to interest on the Indebtedness at the Interest Rate, and further that any such judgment may provide that interest thereon shall be computed at the Interest Rate until such judgment shall have been fully paid and satisfied.

19. **Credit Union may appropriate Payments to any Debt.** It is hereby agreed that the Credit Union shall have the right at any time to appropriate any payment made as a temporary or permanent reduction of any portion of the Indebtedness whether the same be represented by open account, overdraft or by any bills, notes or other instruments and whether then due or to become due and may from time to time, revoke or alter such appropriation and appropriate such payment as a temporary or permanent reduction of any other portion of the Indebtedness as in its sole and uncontrolled discretion it may see fit.

20. **Charge Continuing Security**. It is hereby agreed that this Charge may secure a current or running account and shall stand as a continuing security to the Credit Union for the payment of the Indebtedness and all interest, damages and Costs which may become due or payable to the Credit Union notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the bills, notes or other obligations now or hereafter representing the same or any portion thereof or in the names of the parties to the said bills, notes or obligations or any of them.

21. **Additional covenants if Property is a Condominium Unit**. The Chargor covenants with the Credit Union that:

(a) The Chargor will promptly observe and perform all obligations imposed on the Chargor by the Condominium Act as enacted from time to time, and by the Declaration, the By-laws and the Rules, as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Property. Any breach of the said duties and obligations shall constitute a breach of covenant under this Charge.

(b) Without in any way limiting or restricting the generality of the foregoing:

  (a) the Chargor will pay promptly when due any contributions to Common Expenses required of the Chargor as an owner of the Property;

  (b) the Chargor will transmit to the Credit Union forthwith upon the demand of the Credit Union satisfactory proof that all Common Expenses assessed against or in respect of the said Property have been paid as assessed;

(c) the Credit Union may pay out of and deduct from any advance of the Principal Amount secured hereunder all contributions to the Common Expenses assessed against or in respect of the said Property which have become due and payable and are unpaid at the date of such advance; and

(d) whenever and so long as the Credit Union so requires the Chargor shall on or before the date when any sum becomes payable by the Chargor in respect of Common Expenses pay such sum to the Credit Union. The Credit Union shall forthwith on receipt thereof remit all such sums to the Condominium Corporation on behalf of the Chargor or as the Condominium Corporation may from time to time direct.

(c) The Credit Union by accepting delivery of and registering this Charge authorizes and empowers the Chargor to vote or consent or not to consent respecting all matters relating to the affairs of the relevant Condominium Corporation provided that:

(a) the Credit Union may at any time upon written notice to the Chargor and the Condominium Corporation revoke this authorization.

(b) the Credit Union shall not be under any obligation to vote or consent or not to consent as aforesaid to protect the interest of the Chargor; and

(c) the exercise by the Credit Union of its right to vote or consent or not to consent as aforesaid shall not constitute the Credit Union a mortgagee in possession.

22 **Assignment of Rents.** The Chargor hereby agrees with the Credit Union as follows:

(a) The Chargor hereby assigns and sets over to the Credit Union all rents payable from time to time under all leases of the Property or any part thereof, whether presently existing or arising in the future, together with the benefit of all covenants, agreements and provisos contained in the said leases, in favour of the Credit Union.

(b) Forthwith after making any lease of the Property or any part thereof the Chargor will execute and deliver to the Credit Union an assignment in registrable form in the Credit Union's usual form of all rents payable under such lease, the benefit of all covenants, agreements and provisos therein contained on the part of the tenant to be observed and performed and the reversion of such lease, and will also execute and deliver to the Credit Union all such notices and other documents as may be required in order to render such assignment effectual in law.

(c) Nothing herein contained shall make the Credit Union responsible for the collection of rents payable under any lease of the Property or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease.

(d) the Credit Union shall not by virtue of these presents be deemed a mortgagee in possession of the Property;

(e) The Credit Union shall be liable to account for only such rents as actually come into its hands less reasonable collection charges in respect thereof and may apply such rents to the repayment of the Indebtedness; and

(f) Notwithstanding anything herein contained no lease of the Property or any part thereof made by the Chargor without the consent in writing of the Credit Union shall have priority over this Charge.

23 **Interpretation and Headings.** It is hereby agreed that wherever in this Charge the word "Chargor" is used the same shall extend to and include the heirs, executors, administrators, successors and assigns of the Chargor and wherever in this Charge the word "Credit Union" is used the same shall extend to and extend to and include the successors and assigns of the Credit Union and wherever the singular or masculine is used the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties hereto so require. The headings do not form part of this document and have been inserted for convenience reference only.

24 **Condominium Act.** If the Property is a condominium unit, this Charge is made pursuant to the Condominium Act.

DATED the of , 2004.

EDUCATION CREDIT UNION LIMITED

Per:

DENNIS DAUB - General Manager

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200502 Code

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200503 Cote
Filing Date JAN 6th/05 Date de Dépôt
Page 1 of/de 11 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed by EDUCATION CREDIT UNION LIMITED

File No: Filing Date:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act.

1. Definitions, in this set of Standard Charge Terms:

(a) **Credit Union** means the Education Credit Union Limited.

(b) **Charge** means this Charge/Mortgage of Land made pursuant to the Land Registration Reform Act,1990, C. L. 4, and any amendments thereto, to which the Chargor and the Chargee are parties and which is dated as of the Date of Signature of the first named Chargor who signs the Charge.

(c) **Chargee** means the Credit Union or its administrators, successors and assigns.

(d) **Chargor** means each Chargor described in this Charge.

(e) **Costs** means the fees, costs, charges and expenses of the Credit Union of and incidental to (1) the preparation, execution and registration of the Charge and any other instruments connected herewith; (2) the collection, enforcement, realization of the security herein contained; (3) procuring payment of the indebtedness due and payable hereunder, including foreclosure, power of sale or execution proceedings commenced by the Credit Union or any other party; (4) any inspection required to be made of the Property; (5) all necessary repairs required to be made to the Property; (6) the Credit Union's having to go into possession of the Property and secure, complete and equip the building or buildings in any way in connection therewith; (7) the Credit Union's renewal of any leasehold interest; (8) the exercise of any of the powers of a receiver contained herein; and (9) all solicitor's costs, costs and expenses of any necessary examination of the title to and of valuation of the Property. Costs shall (1) extend to and include legal costs incurred by the Credit Union as between solicitor and his own client; (2) be payable forthwith by the Chargor; and (3) be a charge on the Property.

(f) **Fixtures** include but are not limited to furnaces, boilers, oil burners, stokers, water heaters, electric light fixtures, screen and storm doors and windows, air conditioning, plumbing, cooling and heating equipment and an apparatus and equipment appurtenant to the Property.

(g) **Indebtedness** means all moneys and liabilities matured or not, whether present or future, direct or indirect, absolute or contingent, now or at any time hereafter owing or incurred, wheresoever or howsoever incurred from or by the Chargor, as principal or surety, whether alone or jointly with any other person and in whatever name style or firm, whether otherwise secured or not and whether arising from dealings between the Credit Union and the Chargor or from other dealings or proceedings by which the Credit Union may become a creditor of the Chargor including, without limitation, advances upon overdrawn account or upon bills of exchange, promissory notes or other obligations discounted for the Chargor or otherwise, all bills of exchange, promissory notes and other obligations negotiable or otherwise representing money and liabilities, or any portion thereof, now or hereafter owing or incurred from or by the Chargor and all interest, damages and Costs, and all premiums of insurance upon the buildings, Fixtures and improvements now or hereafter brought or erected upon the said Property which may be paid by the Credit Union and Taxes.

(h) **Interest Rate** means:

(i) in a Land Titles Registration, the Interest Rate set out in Schedule 1 thereto;

(ii) in a Registry Act Registration, the Interest Rate set out in documents executed by the Chargor to which the Charge is given as collateral security.

(i) **Payment Amount** means:

(i) in a Land Mortgage Registration pursuant to the Land Tales Act, the Principal Amount in lawful money of Canada set out in this Charge that is outstanding from time to time under this Charge;

(ii) in a registration pursuant to the Registry Act, the Principal Amount in lawful money of Canada set out in documents to which this Charge is collateral security that is outstanding from time to time.

(j) **Property** means the property identified in this Charge by the Property Identifier(s) and described in the description therein and in a Schedule to this Charge, if required, and includes all buildings, fixtures and improvements now or hereafter brought or erected thereon.

(k) **Spouse of Chargor** means each Spouse or Chargor described in this Charge.

(l) **Taxes** means all taxes, rates and assessments, municipal, local, parliamentary or otherwise.

If the Property is a condominium unit, the following definitions apply:

(m) **Condominium Corporation** means the Condominium Corporation which was created by the registration of the Declaration and the description relating thereto of which the Property hereby charged constitutes a part.

(n) **Common Expenses** means the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the Condominium Act (Ontario) as amended from time to time or in the Declaration.

(o) **Declaration** means the Declaration which, together with a description, was registered pursuant to the Condominium Act, to create the Condominium Corporation.

2. **Acceleration Clause:** Provided that on the sale or the transfer of ownership of the Charged Lands or any part thereof or on the termination of membership of the Chargor in the Education Credit Union Limited for any reason, or on the Chargor ceasing to be a member in good standing of the Education Credit Union Limited as defined in any loan or other agreement or regulation, or in the event of default all moneys then owing in any of such events shall forthwith become due and payable at the option of the Chargee together with any prepayment charges set out in the said Charge or any Schedules thereto.

3. **Portability Clause:**

(a) If the Property consists only of a Single Family Residence; the Chargor is not in default: there are no subsequent encumbrances on the title to the Property; and the Chargor completes a new mortgage loan application which is approved by the Credit Union and satisfied the Credit Union's lending requirements, the Chargor may do one of the following:

(i) increase the outstanding Principal Amount of this Charge. For the purposes of this subsection 3(a)(i) the term Chargor shall include a purchaser, grantee, or transferee who has been approved by the Credit Union to assume this Charge and has assumed all the obligations of the Chargor or signed an assumption agreement of the Credit Union;

(ii) transfer the outstanding Principal Amount and Interest Rate set out in this Charge to a Single Family Residence which has been purchased by the Chargor (the 'New Lands');

(iii) transfer the outstanding Principal Amount and Interest Rate set out in this Charge to a Single Family Residence which has been purchased by the Chargor (the "New Lands') and increase the Principal Amount of this Charge.

(b) The Interest Rate set out in this Charge ('Current Rate') will continue to apply to the Principal Amount outstanding as of the date of the written approval to the foregoing from the Credit Union. Any increase in the Principal Amount will bear interest at the Prevailing Rate as defined in subsection 3(f) below.

(c) For the purposes of subsections 3(a) (ii) and (iii), a new Charge ("New Charge') must be registered against title to the New Lands. The New Charge will secure the outstanding balance and the increased Principal Amount at a rate which will blend the Current Rate and the Prevailing Rate (The "New Interest Rate'), for a term commencing on the date set out in the Credit Union's written approval and expiring on the Balance Due Date of this Charge. The New Interest Rate will be set out in the Credit Union's written approval.

(d) For the purposes of subsections 3(a)(i), an amending agreement or new Charge at the Credit Union's option, must be registered against the title to the Property. This charge together with the amending agreement will secure the outstanding balance and the increased Principal Amount at a rate which will blend the Current Rate and the Prevailing Rate ('New Interest Rate"), for a term commencing on the date set out in the Credit Union's written approval and expiring on the Balance Due Date of this Charge. The New Interest Rate will be set out in the Credit Union's written approval.

(e) The Chargor will pay all costs, charges and expenses incidental to the approval, taking, preparation, execution and registration of the New Charge or if applicable, and amending agreement.

(f) The "Prevailing Rate" at the time of prepayment means the rate at which the Credit Union would then lend to the Chargor on the Security of the First Charge on the Property charged, or, if applicable, on the security of a first Charge on the "New Lands" for a term commencing on the date of prepayment and expiring on the Balance Due Date of this Charge.

4. **Charge of Property:** The Chargor has, at the request of the Credit Union, agreed to give this Charge as a CONTINUING COLLATERAL SECURITY for payment to the Credit Union ON DEMAND of the Indebtedness, provided that such security be limited to the Principal Amount plus costs, or unless otherwise stated in the promissory notes, with interest thereon at the Interest Rate as stated in the promissory notes.

Variable Rate Option: Interest at the Interest Rate is calculated and payable monthly, not in advance, before and after demand, default and judgment, with interest on overdue interest and on all other amounts charged to the Chargor hereunder at the Interest Rate.

The following paragraphs set out interest rates calculated half-yearly not in advance which are equivalent to interest rates calculated monthly not in advance and the manner of calculating interest payable under the Charge to determine how much of each monthly payment is interest and how much, if any, is principal.

(d) The day on which a monthly instalment is required to be made under box 9(e) of the Charge is referred to as a "Payment Date". The interest component of any such monthly instalment which is made on a particular Payment Date (the 'Current Payment Date") may be calculated as follows.

(i) determine the number of calendar days between the immediately preceding Payment Date and the Current Payment Date, excluding the preceding Payment Date and including the Current Payment Date;

(ii) multiply the Loan Amount owing under the Charge (after the payment made on the immediately preceding Payment Date) by the Interest Rate in effect on such Payment Date and multiply the result by the number of days determined in accordance with sub-clause (i); and

(iii) divide the result obtained in sub-clause (ii) by the number of days in the year.

(To calculate the interest component of the monthly instalment made on the first Payment Date, multiply the Loan Amount by the Interest Rate in effect on the date of the Charge, multiply the result by the number of calendar days between the date the Loan Amount is advanced and the first Payment Date (excluding the date of such advance and including the first Payment Date), and then divide that result by the number of days in the year).

(e) FOR EXAMPLE, if an instalment payment under the Charge was made on July 15, 2004 (the immediately preceding Payment Date), and the Loan Amount owing after that payment was $10,000.00, and the Interest Rate on July 15, 2004 was 12% per annum calculated monthly then, in the case of an instalment payment made on August 15, 2004:

(i) the period over which interest is payable would be from July 15, 2004, to August 15, 2004, a period of 31 days; and

(ii) the interest component of the instalment paid on August 15, 2004, would be calculated by multiplying $10,000.00 by the Interest Rate of 12%, multiplying the result by 31 days and dividing that result by 365 days, being an amount of $101.92.

In the event that the Interest Rate changes once between the immediately preceding Payment Date and the Current Payment Date, two calculations are required, the first for the period from the immediately preceding Payment Date to and including the effective date of the change in the Interest Rate, and the second for the period from that date to and including the Current Payment Date. Additional similar calculations would be made if more than one change in the Interest Rate occurs between the two Payment Dates.

(c) For convenience, the following table sets out, for various Interest Rates, a daily "interest factor" which indicates the amount of interest (in dollars) payable per day for each $1,000.00 of Loan Amount owing under the Charge. To determine the interest component of a payment to be made on a particular Payment Date, just divide the Loan Amount owing after the last payment by $1,000.00 then multiply the result by the appropriate interest factor, and then multiply that result by the number of days since the last payment.

Interest Rate Calculated Monthly Not in Advance	Equivalent Interest Rate Calculated Half-Yearly Not in Advance	Daily Dollar Interest Factor per $1,000.00 of Principal	Interest Rate Calculated Monthly Not in Advance	Equivalent Interest Rate Calculated Half-Yearly Not in Advance	Daily Dollar Interest Factor Per $1,000.00 Of Principal
%	%	$	%	%	$
3.00000	3.01880	0.08219	4.00000	4.03350	0.10959
3.12500	3.14540	0.08562	4.12500	4.16060	0.11301
3.25000	3.27210	0.08904	4.25000	4.28780	0.11644
3.37500	3.39880	0.09247	4.37500	4.41510	0.11986
3.50000	3.52560	0.09589	4.50000	4.54240	0.12329
3.62500	3.65250	0.09932	4.62500	4.66980	0.12671
3.75000	3.77940	0.10274	4.75000	4.79730	0.13014
3.87500	3.90640	0.10616	4.87500	4.92480	0.13356

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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Interest Rate Calculated Monthly Not in Advance %	Equivalent Interest Rate Calculated Half-Yearly Not in Advance %	Daily Dollar Interest Factor per $1,000.00 of Principal $	Interest Rate Calculated Monthly Not in Advance %	Equivalent Interest Rate Calculated Half-Yearly Not in Advance %	Daily Dollar Interest Factor Per $1,000.00 Of Principal $
5.00000	5.05240	0.13699	13.00000	13.35720	0.35616
5.12500	5.18000	0.14041	13.12500	13.48920	0.35959
5.25000	5.30780	0.14384	13.25000	13.62120	0.36301
5.37500	5.43550	0.14726	13.37500	13.75330	0.36644
5.50000	5.56340	0.15068	13.50000	13.88540	0.36986
5.62500	5.69130	0.15411	13.62500	14.01770	0.37329
5.75000	5.81930	0.15753	13.75000	14.15000	0.37671
5.87500	5.94740	0.16096	13.87500	14.28230	0.38014
6.00000	6.07550	0.16438	14.00000	14.41470	0.38356
6.12500	6.20370	0.16781	14.12500	14.54720	0.38699
6.25000	6.33190	0.17123	14.25000	14.67980	0.39041
6.37500	6.46030	0.17466	14.37500	14.81240	0.39384
6.50000	6.58870	0.17808	14.50000	14.94510	0.39726
6.62500	6.71710	0.18151	14.62500	15.07790	0.40069
6.75000	6.84560	0.18493	14.75000	15.21080	0.40411
6.87500	6.97420	0.18836	14.87500	15.34370	0.40753
7.00000	7.10290	0.19178	15.00000	15.47660	0.41096
7.12500	7.23160	0.19521	15.12500	15.60970	0.41438
7.25000	7.36040	0.19863	15.25000	15.74280	0.41781
7.37500	7.48920	0.20205	15.37500	15.87600	0.42123
7.50000	7.61820	0.20548	15.50000	16.00920	0.42469
7.62500	7.74720	0.20890	15.62500	16.14250	0.42808
7.75000	7.87620	0.21233	15.75000	16.27590	0.43151
7.87500	8.00530	0.21575	15.87500	16.40940	0.43493
8.00000	8.13450	0.21918	16.00000	16.54290	0.43836
8.12500	8.26380	0.22260	16.12500	16.67650	0.44178
8.25000	8.39310	0.22603	16.25000	16.81020	0.44521
8.37500	8.52250	0.22945	16.37500	16.94390	0.44863
8.50000	8.65190	0.23288	16.50000	17.07770	0.45206
8.62500	8.78150	0.23630	16.62500	17.21160	0.45548
8.75000	8.91110	0.23973	16.75000	17.34550	0.45890
8.87500	9.04070	0.24315	16.87500	17.47950	0.46233
9.00000	9.17040	0.24658	17.00000	17.61360	0.46575
9.12500	9.30020	0.25000	17.12500	17.74770	0.46918
9.25000	9.43010	0.25342	17.25000	17.88190	0.47260
9.37500	9.56000	0.25685	17.37500	18.01620	0.47603
9.50000	9.69000	0.26027	17.50000	18.15060	0.47945
9.62500	9.82010	0.26370	17.62500	18.28500	0.48288
9.75000	9.95020	0.26712	17.75000	18.41950	0.48630
9.87500	10.08040	0.27055	17.87500	18.55400	0.48973
10.00000	10.21070	0.27397	18.00000	18.68870	0.49315
10.12500	10.34100	0.27740	18.12500	18.82340	0.49656
10.25000	10.47140	0.28082	18.25000	18.95810	0.50000
10.37500	10.60190	0.28425	18.37500	19.09300	0.50343
10.50000	10.73240	0.28767	18.50000	19.22790	0.50685
10.62500	10.86300	0.29110	18.62500	19.36280	0.51027
10.75000	10.99370	0.29452	18.75000	19.49790	0.51370
10.87500	11.12440	0.29795	18.87500	19.63300	0.51712
11.00000	11.25520	0.30137	19.00000	19.76820	0.52055
11.12500	11.38610	0.30480	19.12500	19.90340	0.52397
11.25000	11.51700	0.30822	19.25000	20.03870	0.52740
11.37500	11.64800	0.31164	19.37500	20.17410	0.53082
11.50000	11.77910	0.31507	19.50000	20.30960	0.53425
11.62500	11.91020	0.31849	19.62500	20.44510	0.53767
11.75000	12.04140	0.32192	19.75000	20.58070	0.54110
11.87500	12.17270	0.32534	19.87500	20.71640	0.54452
12.00000	12.30400	0.32877	20.00000	20.85210	0.54795
12.12500	12.43540	0.33219	20.12500	20.98790	0.55137
12.25000	12.56690	0.33562	20.25000	21.12380	0.55480
12.37500	12.69850	0.33904	20.37500	21.25970	0.55822
12.50000	12.83010	0.34247	20.50000	21.39570	0.56164
12.62500	12.96180	0.34589	20.62500	21.53180	0.56507
12.75000	13.09350	0.34932	20.75000	21.66800	0.56849
12.87500	13.22530	0.35274	20.87500	21.80420	0.57192

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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Interest Rate Calculated Monthly Not in Advance %	Equivalent Interest Rate Calculated Half-Yearly Not in Advance %	Daily Dollar Interest Factor per $1,000.00 of Principal $	Interest Rate Calculated Monthly Not in Advance %	Equivalent Interest Rate Calculated Half-Yearly Not in Advance %	Daily Dollar Interest Factor Per $1,000.00 Of Principal $
21.00000	21.94050	0.57534	23.00000	24.13070	0.63014
21.12500	22.07680	0.57877	23.12500	24.26810	0.63356
21.25000	22.21330	0.58219	23.25000	24.40570	0.63699
21.37500	22.34980	0.58562	23.37500	24.54330	0.64041
21.50000	22.48630	0.58904	23.50000	24.68100	0.64384
21.62500	22.62300	0.59247	23.62500	24.81880	0.64726
21.75000	22.75970	0.59590	23.75000	24.95660	0.65069
21.87500	22.89650	0.59932	23.87500	24.09450	0.65411
22.00000	23.03330	0.60274	24.00000	25.23250	0.65753
22.12500	23.17020	0.60616	24.12500	25.37050	0.66096
22.25000	23.30720	0.60959	24.25000	25.50870	0.66438
22.37500	23.44430	0.61301	24.37500	25.64680	0.66781
22.50000	23.58140	0.61644	24.50000	25.78510	0.67123
22.62500	23.71860	0.61986	24.62500	25.92340	0.67466
22.75000	23.85590	0.62329	24.75000	26.06180	0.67808
22.87500	23.99320	0.62671	24.87500	26.20030	0.68151
			25.00000	26.33880	0.68493

*The Equivalent Interest Rate quoted half-yearly, not in advance, is provided for information purposes only. It is that rate of interest calculated half-yearly and not in advance which is equivalent to the adjacent Interest Rate which is calculated monthly and not in advance.

(d) Using the foregoing table, assume that the Loan Amount outstanding after the payment made on the immediately preceding Payment Date was $10,000.00, that the Interest Rate on that date was 12.0% (and did not change) and that there were 31 days between the two Payment Dates. To calculate the interest component of the instalment being made on the Current Payment Date multiply:

Loan Amount Outstanding After Last Payment Made		Daily Interest Factor Per $1000 of Principal	x	Number of Days Between Payment Dates
$10,000	x	32877	x	31 = $101.92

Therefore, the interest component of the payment is $101.92

Fixed Rate Option: Interest at the Interest Rate is calculated and payable semi-annually, not in advance before and after demand, default and judgment, with interest on overdue interest and on all other amounts charged to the Chargor hereunder at the Interest Rate. The Chargor:

(a) If the Property is freehold property, hereby charges the Property to the Credit Union; or

(b) If the Property is a leasehold interest, hereby charges and sub-leases the Property to the Credit Union for and during the unexpired residue of the term of the lease, except the last day thereof, and all other estate, term, right of renewal and other interest of the Chargor in the lease, to secure the repayment of the Indebtedness and the performance of all of the obligations of the Chargor contained herein. The Chargor hereby releases to the Credit Union all its claims upon the Property until the Chargor has repaid the Indebtedness and performed all of the obligations of the Chargor in the manner provided by this Charge.

5 **Covenants of the Chargor**. The Chargor hereby covenants with the Credit Union that:

(a) The Chargor will ON DEMAND pay the Indebtedness and observe all provisos, conditions and agreements contained herein.

(b) The Chargor has a good title in fee simple to the Property (unless the Chargor is a lessee of the Property), save and except prior registered encumbrances.

(c) The Chargor has the right to charge the Property to the Credit Union.

(d) On default the Credit Union shall have quiet possession of the Property free from all encumbrances save as aforesaid.

(e) Covenant 1.vii. deemed to be included in this Charge by subsection 7(1) of the Land Registration Reform Act, 1990, is hereby expressly varied by providing that the Chargor will, before or after default, execute such further assurances of the Property and do such other acts, at the Chargor's expense, as may be reasonably required.

(f) The Chargor will insure the Property to an amount of not less than the Principal Amount PROVIDED that if and whenever such amount be greater than the insurable value of the buildings, Fixtures and improvements now or hereafter brought or erected upon the Property, such insurance shall not be required in any greater amount than such insurable value and if and whenever the same shall be less than the insurable value the Credit Union may require such insurance to the full replacement value. It is further agreed that the Credit Union may require any insurance hereunder to be cancelled and new insurance effected by an insurer to be approved by it and also may of its own accord effect or maintain any insurance herein provided for and any amount paid by the Credit Union therefor shall be payable forthwith to the Credit Union with interest at the Interest Rate by the Chargor and shall be a charge upon the Property.

(g) The Chargor will in each year within ten (10) days after the Taxes become due and payable produce to and leave with the Credit Union the duly receipted tax bills for that year covering the Property.

(h) This Charge shall be void UPON REPAYMENT of the Indebtedness upon demand; or without demand UPON PERMANENT REPAYMENT of the Indebtedness, with written notice to such effect to the Credit Union. The Chargor releases to the Credit Union all the Chargor's claims upon the Property subject to this paragraph; and

(i) The Chargor agrees to assign to the Credit Union forthwith upon the request of the Credit Union as additional security for payment of the Indebtedness and the performance of the covenants herein contained, any present or future lease which may be granted by the Chargor as to the whole or any portion of the property and agrees to deliver to the Credit Union executed copies of all such leases at the written request of the Credit Union. The Chargor covenants to perform and comply with all lessor's covenants contained in any leases assigned by the Chargor to the Credit Union. Notwithstanding the assignment or assignments of any lease or leases by the Chargor to the Credit Union, it is nevertheless declared and agreed that none of the rights or remedies of the Credit Union under this Charge shall be delayed or in any way hindered or prejudiced by such assignment or assignments or by any act of the Credit Union pursuant thereto.

6 **Additional Covenants** if Property is a leasehold interest.

The Chargor covenants with the Credit Union that:

(a) the Chargor has a good leasehold title to the Property.

(b) The Chargor has a right to charge and sublet the leasehold title to the Property to the Credit Union in the manner herein provided and, if required, has obtained the lessor's consent to this Charge.

(c) Neither the Chargor nor any other person has heretofore made, done, committed or suffered any act to encumber the lease or any part thereof;

(d) The lease is a good, valid and subsisting lease and not surrendered, forfeited, amended or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Chargor up to the Date of Signature of the Chargor.

(e) During the continuance of this Charge, the Chargor will not amend, surrender or modify the lease without the written consent of the Credit Union and will pay the rent reserved by the lease and perform and observe the covenants, provisos and conditions contained in the lease and on the lessee's part to be performed and observed and hereby agrees to keep the Credit Union indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything related thereto; and

(f) The Chargor will stand possessed of the Property for the last day of the term or of any renewal term granted by the lease in trust for the Credit Union, and will assign and dispose thereof as the Credit Union may direct, but subject to the same right of redemption and other rights as are hereby given to the Chargor with respect to the derivative term hereby granted.

7 **Repair and Maintenance of Property**. The Chargor covenants with the Credit Union that the Chargor will keep the Property in good condition and repair. The Credit Union may, whenever it deems it necessary, by its agent enter upon and inspect the Property and the Chargor shall pay the Costs associated therewith. If the Chargor or anyone claiming under him neglects to keep the Property in good condition and repair or commits any act of waste on the Property or does anything by which the value of the Property shall be diminished, as to all of which the Credit Union shall be sole judge, or makes default as to any of the covenants or provisos herein contained, the Indebtedness shall, at the option of the Credit Union, forthwith become due and payable. In default of payment thereof the powers of entering upon and leasing or selling hereby given may be exercised forthwith, and the Credit Union may make such repairs as it deems necessary and the Costs thereof shall be paid by the Chargor.

8. **Obligations to build diligently**. The Chargor covenants with the Credit Union that if the Chargor fails at any time for a period of ten days to diligently carry on the work of construction of any building or buildings being or to be erected on the Property or, without the consent in writing of the Credit Union, departs in such construction from any plans and specifications thereof which must be approved by the Credit Union or from the generally accepted standards of construction in the locality of the Property, or permits any construction or other lien to be registered against the Property for any period exceeding thirty days, the Credit Union at its option at any time thereafter through its agents or contractors may enter the Property and have exclusive possession thereof and of all materials, plant, gear and equipment thereon free of interference from or by the Chargor and complete the construction of the building or buildings either according to the said plans and specifications or according to other plans, specifications or design as the Credit Union in its absolute discretion shall erect. All Costs in connection therewith shall be payable by the Chargor.

9. **Remedies on Default of Chargor.** It is hereby provided that:

(a) Power to lease or sell Property - The Credit Union on default of payment of the Indebtedness or any portion thereof for the minimum default period on giving the minimum notice, according to applicable law, may enter on, lease or sell the Property. Provided further that on default of payment for the minimum default period, according to applicable law, the foregoing power of entry, leasing and selling may be exercised by the Credit Union without any notice whatsoever.

(b) Rights of Credit Union in sale of Property.

(i) the Credit Union in the event of default by the Chargor in payment of the Indebtedness or any portion thereof may sell the Property or any part thereof or, if the Property is a leasehold interest, sell the unexpired term of years demised by the lease or any part thereof by public auction or private sale for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale as it shall in its discretion deem proper, and in the event of any sale on credit or for cash or for part cash and part credit, the Credit Union shall not be accountable for or be charged with any moneys until actually received by it. The Credit Union may rescind or vary any contract or sale and may buy in and re-sell the Property or any part thereof without being answerable for loss occasioned thereby; and no purchaser shall be bound to enquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety, and no lack of default or want of notice or other requirements or any irregularity or impropriety of any kind shall invalidate any sale hereunder, but the Credit Union alone shall be responsible. The Credit Union may sell without entering into actual possession of the Property and while in possession shall be accountable only for moneys which are actually received by it and sales may be made by it from time to time of parts of the Property to satisfy any portion of the Indebtedness, leaving the residue thereof secured hereunder on the remainder of the Property, or may take proceedings to sell and may sell the Property or any portion of the property subject to the balance of the Indebtedness not yet due at the time of the said sale.

(ii) Disposition of Leasehold Property - If the Property is a leasehold interest, the Chargor hereby irrevocably appoints the Credit Union as the Chargor's substitute to be the Chargor's attorney during the continuance of this security. In the event of default and on giving the notice contemplated herein to the Chargor for and on behalf of the Chargor, the Credit Union may assign the lease and convey the Property and the last day of the term granted by the lease as the Credit Union shall at any time direct, and in particular, upon any sale made by the Credit Union under the statutory power or power of sale herein contained, to assign the lease and convey the Property and the said reversion to the purchaser. It is hereby declared that the Credit Union or other person for the time being entitled to the Indebtedness may at any time, by deed, remove the Chargor or any other person from being a trustee of the lease under the declaration of trust hereinbefore declared and on the removal of the Chargor or any future trustee of the lease, appoint a new trustee or trustees in the Chargor's place.

(iii) If the Property is a leasehold interest, the Chargor will, with respect to the lease, at the request of the Credit Union, but at the cost, charge and expense of the Chargor, grant and assign unto the Credit Union, or the person whom it may appoint, the last day of the said term hereinbefore excepted or any renewal or substituted term; and further, in the event of the Credit Union making any sale under the power of sale herein contained the Chargor shall stand seized and possessed of the Property for the last day of the said term hereinbefore excepted, and of any renewal or substituted term, and of all rights of renewal in trust for the purchaser or purchasers, his or their heirs, executors, administrators, successors and assigns.

(c) Costs of sale of Property - The Costs of any sale proceedings hereunder, whether such sale proves abortive or not, incurred in taking, recovering or keeping possession of the Property or in enforcing the personal remedies under this Charge or by reason of non-payment or in procuring payment of the Indebtedness shall be payable by the Chargor whether any action or proceeding has commenced or not.

(d) If default of payment shall be made, in respect of any amount due under the Charge, whether for principal, interest or otherwise, the Chargee on such default of payment continuing for at least fifteen (15) days may on at least thirty-five (35) days' notice enter on and lease the charged land or any part or parts thereof and receive and take the rents, issues and profits thereof or on such default of payment continuing for at least fifteen (15) days may on at least thirty-five (35) days' notice sell the charged land or any part or parts thereof, in accordance with the following provisions:

(i) notice shall be given to such persons and in such manner and form and within such time as provided under Part III of the Mortgages Act, R.S.O. 1990, Chapter M.40, as amended and supplemented from time to time, or under such statutory provision as may be enacted in substitution or amendment of Part III; provided that in the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a person on the charged land, if occupied, or by placing the same on some portion thereof, if unoccupied, or at the option of the Chargee by mailing it in a registered letter addressed to the Chargor at his last known address or by publishing it once in a newspaper published in the area or region in which the charged land is situate;

(ii) such notice shall be sufficient although not addressed to any person or persons by name or designation, and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability;

(iii) sale of the charged land may be by public auction or private sale or partly by one and partly by the other for such price as can reasonably be obtained therefor and on such terms as to credit and otherwise and with such conditions of sale and stipulations as to title or evidence of commencement of title or otherwise as the Chargee in its discretion shall deem proper;

(iv) in the event of any sale on credit or for part cash and part credit, the Chargee shall not be accountable for or charged with any moneys until actually received;

(v) the Chargee may rescind or vary any contract of sale and may buy in and resell the charged land or any part thereof without being answerable for any loss occasioned thereby;

(vi) the Chargee may sell all or any part of the buildings, fixtures, machinery, equipment, crops and standing or fallen trees or any severable part of any unit apart from the charged land and the purchaser shall have all necessary access for severing, cutting and removal;

(vii) no purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety and no lack of default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale or lease hereunder;

(viii) the Chargee may sell or lease without entering into actual possession of the charged land and when it desires to take possession it may break locks and bolts and while in possession shall only be accountable for moneys received by it;

(ix) subject to compliance with the Planning Act, R.S.O. 1990, C. P. 13, and the Condominium Act if applicable, as each may be amended and supplemented from time to time, sales may be made from time to time of any part or parts of the charged land to satisfy any portion of the principal or interest or other indebtedness owing to the Chargee pursuant to or in respect of the Charge, leaving the principal or residue thereof secured with the interest payable under the Charge on the remainder of the charged land or the Chargee may take proceedings to sell and may sell the charged land for part of any sums owing or in arrears subject to the balance of said sums not yet due at the time of the said sale;

(x) the Chargor hereby appoints the Chargee the Chargor's true and lawful attorney and agent to make application under the said Planning Act and to do all things and execute all documents to effectually complete any such sale or lease;

(xi) the Chargee may lease or take sale proceedings notwithstanding that other mortgage proceedings have been taken or are then pending;

(xii) the proceeds of any sale or lease hereunder shall be applied first in payment of any costs, charges including legal fees on a solicitor and his own client basis, expenses, commissions and fees which may be incurred in taking, recovering, or keeping possession of the charged land or in making sales, leases and conveyances as aforesaid or by reason of non-payment or procuring payment of any amounts owing under the Charge (including sums which the Chargee has paid for taxes, insurances, repairs and maintenance, Common Expenses and other amounts added thereto or payable by the Chargor to the Condominium Corporation if the charged land is or includes a unit of a Condominium Corporation); and in the next place to unpaid interest and costs and all other amounts save the principal amount secured by the Charge and thereafter to the principal amount then due in respect of the Charge; and thereafter to all amounts due to subsequent encumbrancers according to their priorities; and the balance, if any, of such proceeds to the Chargor, its successors or assigns;

(xiii) the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by its wilful neglect or default; and

(xiv) no sale or other dealing by the Chargee with the charged land or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the moneys secured by the Charge.

Despite the foregoing power of sale, the Chargee shall be entitled to its right of foreclosure of the right of the Chargor as fully as if the power of sale were not contained herein.

10. **Appointment of Receiver**. If the Chargor shall be in default in the observance or performance of any of the terms, conditions, covenants or payments described herein or in any additional or collateral security given by the Chargor to the Credit Union, then the Credit Union may in writing appoint any person, officer or employee of the Credit Union or not, to be a receiver of the Property and the rents and profits derived therefrom, and may remove the receiver so appointed and appoint another in his stead. The term "receiver" as used in this Charge includes a receiver and manager. The following provisions shall apply to this paragraph:

(a) The receiver so appointed is conclusively the agent of the Chargor, and the Chargor shall be solely responsible for the acts or defaults and for the remuneration and expenses of the receiver. The Credit Union shall not be responsible in any way for any misconduct or negligence on the part of the receiver and may, from time to time, fix the remuneration of the receiver and be at liberty to direct the payment thereof from proceeds collected.

(b) Nothing contained herein and nothing done by the Credit Union or by the receiver shall render the Credit Union a mortgagee in possession or responsible as such.

(c) All monies received by the receiver, after providing for payment and charges ranking prior to this Charge and for all applicable Costs shall be applied in or towards satisfaction of the remaining Indebtedness

(d) The receiver so appointed shall have power to:

  (i) take possession of the Property, collect rents and profits and realize upon additional or collateral security granted by the Chargor to the Credit Union and for that purpose may take proceedings, be they legal or otherwise, in the name of the Chargor or otherwise;

  (ii) carry on or concur in carrying on the business which the Chargor is conducting on and from the Property and for that purpose borrow money on the security of the Property in priority to this Charge; and

  (iii) lease all or any portion of the Property and for this purpose execute contracts in the name of the Chargor which said contracts shall be binding upon the Chargor.

(e) The rights and powers conferred herein are supplemental to and not in substitution for any rights which the Credit Union may have from time to time.

11. **Taking Possession of Personal Property**. The Credit Union may distrain for arrears of any portion of the Indebtedness. The Chargor hereby waives the right to claim exemption and agrees that the Credit Union shall not be limited to the amount for which it may distrain.

12. **Quiet Possession.** Until default of payment the Chargor shall have quiet possession of the property.

13 **Release of Property by Credit Union**. It is hereby agreed by the Chargor that the Credit Union may at its discretion at all times release any part or parts of the Property or any other security or any surety for the Indebtedness or any portion thereof either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the Property or any person from this Charge or from any of the covenants herein contained and without being accountable to the Chargor for the value thereof or for any money except that actually received by the Credit Union, it being expressly agreed that every part or lot into which the Property is or may hereafter be divided does and shall stand charged with the whole of the Indebtedness.

No extension of time given by the Credit Union to the Chargor, or anyone claiming under the Chargor or any other dealing by the Credit Union with the owner or owners of the Property or of any part thereof shall in any way affect or prejudice the rights of the Credit Union against the Chargor or any other person liable for the payment of the Indebtedness or any portion thereof.

For greater certainty, the Charge and the Indebtedness thereby secured are assignable by the Chargee, and payment of amounts secured by the Charge to the Chargee in circumstances wherein it is intended that the Charge be assigned and not discharged, shall not cause the Charge to cease to operate nor entitle the Chargor to a discharge of the Charge.

14. **Payment of other Charges and Performance of other Obligations by the Credit Union.** The Chargor hereby agrees that:

(a) the Credit Union may satisfy any Charge now or hereafter existing or to arise or be claimed upon the Property and the amount so paid shall be added to the Indebtedness and bear interest at the Interest Rate and shall be payable forthwith by the Chargor to the Credit Union and in default of payment, the Indebtedness shall become payable and the powers of sale hereby given may be exercised forthwith without any notice. And in the event of the Credit Union satisfying any such Charge or claim, it shall be entitled to all equities and securities of the person or persons so satisfied and it may retain any discharge or cessation of Charge unregistered until paid; and

(b) if the Property is a leasehold interest, and if the Chargor shall refuse or neglect to renew the lease or any renewals thereof granted hereafter, then, and as often as it shall happen, the Credit Union may, effect such renewals in its own name or otherwise, and every renewal of the lease and the Property thereby demised shall remain and be security to the Credit Union for the Indebtedness. All Costs in connection therewith shall be payable by the Chargor.

15. **No Obligation to Advance.** Neither the preparation, execution, delivery nor registration of the Charge nor the advance in part of the principal amount of the Charge shall bind the Chargee to advance the whole of the principal amount or any unadvanced portion thereof but nevertheless the Charge shall take effect forthwith on the execution and delivery of the Charge by the Chargor.

16. **Sale or Transfer of Property by Chargor.** The Chargor covenants and agrees with the Credit Union that:

(a) The Chargor will not without the prior consent in writing of the Credit Union, sell, transfer or otherwise dispose of the Property or any portion thereof or any interest therein; and, in the event of such sale, transfer or other disposition, without the consent of the Credit Union, the Indebtedness hereby secured shall, at the option of the Credit Union, forthwith become due and payable; and

(b) If the Property is a leasehold interest, no sale or other dealing by the Chargor with the lease or the Property or any part thereof and any other dealing by the Credit Union with the lease or the Property or any part thereof, shall in any way affect or prejudice the rights of the Credit Union against the Chargor or any other person liable to repay the Indebtedness hereby secured.

17. **Charge not a Substitute for any other Security.** It is hereby expressly agreed by the Chargor that this Charge shall not create any merger, rebate or discharge of any debt owing to the Credit Union of any lien, bond, promissory note, bill of exchange or other security held by or which may hereafter be held by the Credit Union, whether from the Chargor or any other party or parties whomsoever and this Charge shall not in any way affect any security held or which may hereafter be held by the Credit Union for the Indebtedness or any portion or portions thereof or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Credit Union for or on account of the Indebtedness or any portion or portions thereof nor shall the remedies of the Credit Union in respect thereof be affected in any manner whatsoever.

18. **Judgments.** The taking of a judgment or judgments against the Chargor on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Credit Union's rights to interest on the Indebtedness at the Interest Rate, and further that any such judgment may provide that interest thereon shall be computed at the Interest Rate until such judgment shall have been fully paid and satisfied.

19. **Credit Union may appropriate Payments to any Debt.** It is hereby agreed that the Credit Union shall have the right at any time to appropriate any payment made as a temporary or permanent reduction of any portion of the Indebtedness whether the same be represented by open account, overdraft or by any bills, notes or other instruments and whether then due or to become due and may from time to time, revoke or alter such appropriation and appropriate such payment as a temporary or permanent reduction of any other portion of the Indebtedness as in its sole and uncontrolled discretion it may see fit.

20. **Charge Continuing Security.** It is hereby agreed that this Charge may secure a current or running account and shall stand as a continuing security to the Credit Union for the payment of the Indebtedness and all interest, damages and Costs which may become due or payable to the Credit Union notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the bills, notes or other obligations now or hereafter representing the same or any portion thereof or in the names of the parties to the said bills, notes or obligations or any of them.

21. **Additional covenants if Property is a Condominium Unit.** The Chargor covenants with the Credit Union that:

(a) The Chargor will promptly observe and perform all obligations imposed on the Chargor by the Condominium Act as enacted from time to time, and by the Declaration, the By-laws and the Rules, as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Property. Any breach of the said duties and obligations shall constitute a breach of covenant under this Charge.

(b) Without in any way limiting or restricting the generality of the foregoing:

  (a) the Chargor will pay promptly when due any contributions to Common Expenses required of the Chargor as an owner of the Property;

  (b) the Chargor will transmit to the Credit Union forthwith upon the demand of the Credit Union satisfactory proof that all Common Expenses assessed against or in respect of the said Property have been paid as assessed;

(c) the Credit Union may pay out of and deduct from any advance of the Principal Amount secured hereunder all contributions to the Common Expenses assessed against or in respect of the said Property which have become due and payable and are unpaid at the date of such advance; and

(d) whenever and so long as the Credit Union so requires the Chargor shall on or before the date when any sum becomes payable by the Chargor in respect of Common Expenses pay such sum to the Credit Union. The Credit Union shall forthwith on receipt thereof remit all such sums to the Condominium Corporation on behalf of the Chargor or as the Condominium Corporation may from time to time direct.

(c) The Credit Union by accepting delivery of and registering this Charge authorizes and empowers the Chargor to vote or consent or not to consent respecting all matters relating to the affairs of the relevant Condominium Corporation provided that:

(a) the Credit Union may at any time upon written notice to the Chargor and the Condominium Corporation revoke this authorization;

(b) the Credit Union shall not be under any obligation to vote or consent or not to consent as aforesaid to protect the interest of the Chargor; and

(c) the exercise by the Credit Union of its right to vote or consent or not to consent as aforesaid shall not constitute the Credit Union a mortgagee in possession.

22 **Assignment of Rents.** The Chargor hereby agrees with the Credit Union as follows:

(a) The Chargor hereby assigns and sets over to the Credit Union all rents payable from time to time under all leases of the Property or any part thereof, whether presently existing or arising in the future, together with the benefit of all covenants, agreements and provisos contained in the said leases, in favour of the Credit Union.

(b) Forthwith after making any lease of the Property or any part thereof the Chargor will execute and deliver to the Credit Union an assignment in registrable form in the Credit Union's usual form of all rents payable under such lease, the benefit of all covenants, agreements and provisos therein contained on the part of the tenant to be observed and performed and the reversion of such lease, and will also execute and deliver to the Credit Union all such notices and other documents as may be required in order to render such assignment effectual in law.

(c) Nothing herein contained shall make the Credit Union responsible for the collection of rents payable under any lease of the Property or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease.

(d) the Credit Union shall not by virtue of these presents be deemed a mortgagee in possession of the Property;

(e) The Credit Union shall be liable to account for only such rents as actually come into its hands less reasonable collection charges in respect thereof and may apply such rents to the repayment of the Indebtedness; and

(f) Notwithstanding anything herein contained no lease of the Property or any part thereof made by the Chargor wiithout the consent in writing of the Credit Union shall have priority over this Charge.

23 **Interpretation and Headings.** It is hereby agreed that wherever in this Charge the word "Chargor" is used the same shall extend to and include the heirs, executors, administrators, successors and assigns of the Chargor and wherever in this Charge the word "Credit Union" is used the same shall extend to and extend to and include the successors and assigns of the Credit Union and wherever the singular or masculine is used the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties hereto so require. The headings do not form part of this document and have been inserted for convenience reference only.

24 **Condominium Act.** If the Property is a condominium unit, this Charge is made pursuant to the Condominium Act.

DATED the of , 2004.

EDUCATION CREDIT UNION LIMITED

Per:

DENNIS DAUB - General Manager

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200503 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200504 Cote
Filing Date JAN. 13th 05 Date de Dépôt
Page 1 of/de 27 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

STANDARD CHARGE TERMS
EQUITY POWER

HSBC

Filing Date: ____________,2004

Filing Number: ______________

Filed By: HSBC Bank Canada

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The following set of standard charge terms is deemed to be included in every charge in which this set of standard charge terms is referred to by its filing number, including, without limitation, electronic documents submitted for registration under Part III of the *Land Registration Reform Act*, as provided in Section 9 of the *Land Registration Reform Act*.

1. DEFINITIONS

In this set of standard charge terms:

(a) **"Borrower"** means the person or persons named in the Charge as Borrower and his, her or its successors and permitted assigns.

(b) **"Charge"** means the Charge/Mortgage of Land Form 2 under the *Land Registration Reform Act* or the Charge/Mortgage in electronic format as provided by Part III of the *Land Registration Reform Act* and includes all schedules and addenda to such document and any renewals, extensions and amendments and includes these standard charge terms.

(c) ***"Condominium Act"*** means the *Condominium Act*, R.S.O. 1998, c.19, as amended or replaced from time to time.

(d) **"Condominium Corporation"** means the corporation created pursuant to the *Condominium Act* and governing the administration of the building of which the Lands form part.

(e) ***"Construction Lien Act"*** means the *Construction Lien Act*, R.S.O. 1990, c.C.30, as amended or replaced from time to time.

(f) **"Covenantor"** means any person who is named in the Charge as a covenantor or guarantor or who, as a covenantor or guarantor, has otherwise covenanted in writing to pay the Indebtedness together with any interest thereon.

(g) **"Fixtures"** means fixtures and improvements, fixed or otherwise, including, without limiting the generality of the foregoing, all fences, above ground and underground storage tanks, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, appliances, window blinds, radiators and covers, fixed mirrors, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight.

(h) **"Indebtedness"** means the total of all present and future obligations, indebtedness and liabilities of the Borrower to the Lender, whether direct, indirect, absolute, contingent, matured or not, extended or renewed, at any time owing by the Borrower to the Lender incurred or arising either before or after the delivery for registration of the Charge and whether incurred or arising from agreement or dealings between the Borrower and the Lender or from any agreement or dealings with any third party by which the Lender may be or become in any manner whatsoever a creditor of the Borrower or howsoever otherwise incurred or arising anywhere within or outside Canada and whether the Borrower be bound alone or with another or others and whether as principal or surety and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and any monies due and owing under the Charge, including without limitation all principal, interest, compounded interest, Taxes and costs due and owing under the Charge.

(i) **"Interest Rate"** means the rate of interest indicated in the Charge, which shall be calculated as set out in Section 5 of this set of standard charge terms. The Interest Rate includes a reference to the Prime Rate and will vary as at the date of any change in the Prime Rate.

(j) "***Land Registration Reform Act***" means the *Land Registration Reform Act*, R.S.O. c.L.4, as amended or replaced from time to time.

(k) **"Lands"** means the entire right, title and interest of the Borrower in and to the lands and premises indicated in the Charge, together with all benefits, easements, licenses, privileges and rights of way appertaining thereto or connected therewith, together with all buildings, erections and Fixtures now on or hereafter put upon such lands.

(l) **"Lease"** or **"Leases"** includes a written or unwritten lease, sublease, agreement to lease, tenancy, licence, right of use or occupation, right of first refusal to lease, option to lease or licence, together with all renewals, extensions, modifications, replacements and assignments thereof.

(m) **"Leasehold Rents"** means all rents and other payments due or accruing due or at any time hereafter to become due and payable by the Borrower pursuant to Leases, including taxes, assessments, rates, costs or charges of whatever kind.

(n) **"Lender"** means HSBC Bank Canada, its successors and any person to whom the Charge is transferred.

(o) "***Mortgages Act***" means the *Mortgages Act*, R.S.O. 1990, c.M.40, as amended or replaced from time to time.

(p) **"Permitted Encumbrances"** means encumbrances registered against the Lands in priority to the Charge which the Lender has consented to in writing.

(q) **"Place of Payment"** means the address for service of the Lender set out in the Charge, or such other place as the Lender may designate from time to time.

(r) **"Prime Rate"** means the floating annual rate of interest established and announced as such from time to time by the Lender as a reference rate for determining interest rates it will charge on loans denominated in Canadian dollars in Canada.

(s) **"Principal Amount"** means the Principal Amount indicated in the Charge.

(t) **"Rents"** means all rents and other monies due or accruing due or at any time hereafter to become due pursuant to any Leases with respect to the Lands or any part thereof and the benefit of all guarantees of payment and all covenants to pay therein.

(u) **"Reversion"** has the meaning given to it in section 15 of this set of standard charge terms.

(v) **"Taxes"** means all taxes, duties, assessments and local improvement rates chargeable against the Lands and all penalties and interest payable in connection therewith.

(w) **"Unit"** has the meaning given to it in the *Condominium Act*.

2. CHARGE

For valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Borrower hereby charges the Lands with the payment to and in favour of the Lender of the Indebtedness together with interest thereon at the Interest Rate and the performance of all covenants, agreements and obligations in respect of the Indebtedness, whether contained in the Charge or otherwise upon the terms set out in the Charge.

3. COLLATERAL SECURITY

The Borrower has at the request of the Lender agreed to give the Charge as a continuing collateral security for payment and satisfaction to the Lender of the Indebtedness. It is agreed by the Borrower and the Lender that the Charge at any one time will secure only that portion of the aggregate principal component of the Indebtedness outstanding at such time which does not exceed the Principal Amount, together with any interest or compound interest accrued thereon at such time at the Interest Rate, as hereinafter provided for, plus such costs and expenses to which the Lender is entitled pursuant to the Charge.

4. COVENANTS REGARDING INDEBTEDNESS

The Borrower and the Lender agree as follows:

(a) The Borrower covenants to pay to the Lender each and every amount, indebtedness, liability and obligation forming part of the Indebtedness in the manner agreed to in respect of such amount, indebtedness, liability or obligation.

(b) No part of the Indebtedness existing at the date of the Charge or incurred or arising thereafter, shall be deemed to be unsecured by the Charge.

(c) The Charge is and shall be a continuing collateral security to the Lender for the amount of the Indebtedness and interest and costs as provided in the Charge and shall be deemed to be taken as security for the ultimate balance of the Indebtedness; and the Charge shall not, nor shall anything therein contained operate so as to create any merger or discharge of any debt owing to the Lender or of any lien, bond, promissory note, bill of exchange or other security held by the Lender either before or after registration of the Charge from the Borrower or from any other person or persons and the Charge shall not in any way prejudicially affect any security held either before or after the registration of the Charge by the Lender for the Indebtedness or any part thereof, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Lender for or on account of the Indebtedness or any part or parts thereof, nor shall the remedies of the Lender in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of the Charge.

(d) Any and all payments made in respect of the Indebtedness and interest and the monies or other proceeds realized from the sale of any securities held therefor, including the Charge, may be applied and reapplied notwithstanding any previous application on such part or parts of the Indebtedness or interest as the Lender may see fit or may be held unappropriated in a separate collateral account for such time as the Lender may see fit.

(e) The Lender may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Borrower and all other persons, securities and guarantees as the Lender may see fit without prejudicing the rights of the Lender under the Charge.

(f) The taking of judgement in respect of the Indebtedness or any instrument now or hereafter representing or evidencing the Indebtedness or under any of the covenants in the Charge or in any such instrument contained or implied shall not operate as a merger of the Indebtedness or such instrument or covenants, nor affect the Lender's right to interest at the rate and times provided in the Charge, nor affect nor prejudice any rights or remedies given to the Lender by the terms of the Charge.

5. INTEREST RATE

The Interest Rate is based on the Prime Rate and the rate of interest chargeable on the Indebtedness under the Charge is a rate equal to the Prime Rate per annum as the same will vary from time to time plus the number of percentage points per annum, if any indicated in the Charge payable on demand and calculated and compounded monthly, not in advance, both before and after default, maturity and judgment until payment in full.

The Interest Rate will vary automatically, without notice to the Borrower, each time there is a change in the Prime Rate. The Interest Rate will always be the Prime Rate as adjusted by the number of percentage points per annum, if any, indicated in the Charge, payable monthly and calculated monthly, not in advance as well after as before maturity of the Charge and both before and after default and judgement until payment in full.

In the event that it may be necessary at any time for the Lender to prove the Prime Rate applicable as at any time or times, a certificate in writing of an authorized employee of the Lender setting forth the Prime Rate as at any time or times shall be deemed to be *prima facie* evidence as to the Prime Rate at such time.

The Interest Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in section 10 of this set of standard charge terms. The Borrower may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

If the Interest Rate would, except for this section 5, exceed the maximum rate permitted under the laws of Ontario or the laws of Canada having effect in Ontario, then the Interest Rate shall be such maximum rate.

6. REDEMPTION PROVISION

The provisions relating to defeasance contained in subsection 6(2) of the *Land Registration Reform Act* shall be and are hereby expressly excluded from the terms of the Charge.

The Charge except for section 25 shall, on request from the Borrower to the Lender in writing, be void on payment to the Lender of the Indebtedness together with any interest thereon accrued under the Charge at the Interest Rate per annum and all other amounts payable by the Borrower under the Charge and paying any taxes, rates, levies, charges or assessments upon the Lands and on the observance and performance of all covenants, provisos and conditions required to be observed or performed by the Borrower in respect of the Indebtedness, whether contained in the Charge or otherwise.

The Charge shall not be deemed to have been redeemed by reason only that: (a) advances made under it are repaid; or (b) the account of the Borrower with the Lender ceases to be in debit. The Lender may make advances and re-advances to the Borrower of all or any part of the Indebtedness in one or more sums at any future dates.

Notwithstanding anything contained in the Charge, the Lender may, at its option and without notice to the Borrower, or at the Borrower's request, provide a discharge of the Charge at any time when there is no Indebtedness to the Lender from the Borrower.

7. WITHHOLDINGS FROM PAYMENTS

If the Borrower is required by law to make any deduction or withholding from any sum payable by the Borrower to the Lender under the Charge, then the sum payable by the Borrower shall be increased to the extent necessary to ensure that, after making such deduction or withholding, the Lender receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which the Lender would have received and so retained had no such deduction or withholding been made or required to be made; and the Borrower shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Lender within thirty (30) days after such payment a receipt issued by such authority evidencing such payment. Alternatively, the Lender, at its option, may agree to make such deduction and remit same to the relevant taxation or other authority on behalf of the Borrower. If the Lender remits amounts on behalf of the Borrower, the Borrower shall remain liable for all amounts owing to the relevant taxation or other authority and shall pay to the Lender, on demand, any additional amounts that may be payable to the taxation or other authority or shall provide evidence that the full amount has been paid to the taxation or other authority.

8. ADVANCES

Notwithstanding the preparation and execution of the Charge, or the registration of the Charge, or the advance of all or any part of the monies secured hereby, the lender is not bound to advance any further monies, and all advances are to be made in such manner, at such times and in such amounts as the Lender in its sole discretion may determine.

9. PREPAYMENT

The Borrower has no right to prepay all or any part of the Indebtedness except as otherwise agreed to between the Lender and the Borrower from time to time.

10. EQUIVALENT INTEREST RATES

The following table sets out interest rates calculated half-yearly, not in advance which are equivalent to interest rates calculated monthly, not in advance. The equivalent rate table is for disclosure purposes of the *Interest* Act (Canada) and does not affect the calculation of interest under the Charge. The Borrower may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATE TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
2.000	2.00835	14.500	14.94514
2.125	2.13443	14.625	15.07791
2.250	2.26057	14.750	15.21075
2.375	2.38678	14.875	15.34366
2.500	2.51306	15.000	15.47664
2.625	2.63940	15.125	15.60968
2.750	2.76580	15.250	15.74279
2.875	2.89228	15.375	15.87597
3.000	3.01881	15.500	16.00922
3.125	3.14542	15.625	16.14254
3.250	3.27208	15.750	16.27593
3.375	3.39882	15.875	16.40939
3.500	3.52562	16.000	16.54291
3.625	3.65249	16.125	16.67650

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
3.750	3.77942	16.250	16.81016
3.875	3.90642	16.375	16.94389
4.000	4.03348	16.500	17.07769
4.125	4.16061	16.625	17.21156
4.250	4.28781	16.750	17.34550
4.375	4.41507	16.875	17.47950
4.500	4.54240	17.000	17.61358
4.625	4.66979	17.125	17.74772
4.750	4.79725	17.250	17.88193
4.875	4.92478	17.375	18.01621
5.000	5.05237	17.500	18.15056
5.125	5.18003	17.625	18.28498
5.250	5.30776	17.750	18.41947
5.375	5.43555	17.875	18.55403
5.500	5.56341	18.000	18.68865
5.625	5.69133	18.125	18.82335
5.750	5.81932	18.250	18.95811
5.875	5.94738	18.375	19.09295
6.000	6.07550	18.500	19.27785
6.125	6.20369	18.625	19.36282
6.250	6.33195	18.750	19.49766
6.375	6.46027	18.825	19.63297
6.500	6.58866	19.000	19.76815
6.625	6.71711	19.125	19.90340
6.750	6.84564	19.250	20.03872
6.875	6.97423	19.375	20.17411
7.000	7.10288	19.500	20.30956
7.125	7.23160	19.625	20.44509
7.250	7.36039	19.750	20.58068
7.375	7.48925	19.875	20.71635
7.500	7.61817	20.000	20.85208
7.625	7.74716	20.125	20.98789
7.750	7.87621	20.250	21.12376
7.875	8.00534	20.375	21.25971
8.000	8.13452	20.500	21.39572
8.125	8.26378	20.625	21.53180
8.250	8.39310	20.750	21.66796
8.375	8.52249	20.875	21.80418
8.500	8.65195	21.000	21.94047
8.625	8.78147	21.125	22.07683
8.750	8.91106	21.250	22.21326
8.875	9.04072	21.375	22.34977
9.000	9.17045	21.500	22.48634
9.125	9.30024	21.625	22.62298
9.250	9.43010	21.750	22.75969
9.375	9.56002	21.875	22.89647
9.500	9.69002	22.000	23.03332
9.625	9.82008	22.125	23.17024
9.750	9.95021	22.250	23.30724
9.875	10.08040	22.375	23.44430
10.000	10.21066	22.500	23.58143
10.125	10.34099	22.625	23.71863
10.250	10.47139	22.750	23.85590
10.375	10.60185	22.875	23.99324
10.500	10.73238	23.000	24.13066
10.625	10.86298	23.125	24.26814
10.750	10.99365	23.250	24.40569
10.875	11.12438	23.375	24.54331

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
11.000	11.25519	23.500	24.68101
11.125	11.38605	23.625	24.81877
11.250	11.51699	23.750	24.95660
11.375	11.64800	23.875	25.09451
11.500	11.77909	24.000	25.23248
11.625	11.91021	24.125	25.37053
11.750	12.04141	24.250	25.50865
11.875	12.17269	24.375	25.64683
12.000	12.30403	24.500	25.78509
12.125	12.43544	24.625	25.92342
12.250	12.56692	24.750	26.06181
12.375	12.69846	24.875	26.20028
12.500	12.83008	25.000	26.33882
12.625	12.96176	25.125	26.47743
12.750	13.09351	25.250	26.61611
12.875	13.22533	25.375	26.75486
13.000	13.35721	25.500	26.89369
13.125	13.48916	25.625	27.03258
13.250	13.62118	25.750	27.17154
13.375	13.75327	25.875	27.31058
13.500	13.88543	26.000	27.44969
13.625	14.01766	26.125	27.58886
13.750	14.14995	26.250	27.72811
13.875	14.28231	26.375	27.86743
14.000	14.41474	26.500	28.00682
14.125	14.54724	26.625	28.14628
14.250	14.67981	26.750	28.28581
14.375	14.81244	26.875	28.42541

11. TAXES

The Borrower shall pay or cause to be paid all Taxes as they fall due and shall provide the Lender with receipts confirming such payment within thirty (30) days after they become due. If the Borrower fails to make such payments, as required in this section 11, the Lender shall be entitled but shall not be obliged to make those payments and the amounts thereof shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

The Borrower shall provide to the Lender the assessment notices, tax bills and other notices effecting the imposition of Taxes immediately upon receipt by the Borrower.

12. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(1) of the *Land Registration Reform Act* shall be and are hereby expressly excluded from the terms of the Charge.

13. BORROWER'S COVENANTS

The Borrower covenants with the Lender that:

(a) the Borrower will pay in the manner provided in the Charge, the Indebtedness and any interest thereon;

(b) if the Charge is a mortgage of a fee simple estate, the Borrower has a good title in fee simple to the Lands;

(c) the Borrower has the right to give the Charge to the Lender;

(d) if the Borrower is in default, the Lender shall have possession of the Lands free from all encumbrances other than Permitted Encumbrances;

(e) the Borrower will execute such further assurances of the Lands as may be required by the Lender;

(f) the Borrower has not done, omitted or permitted anything whereby the Lands are or may be encumbered other than Permitted Encumbrances;

(g) the Borrower releases to the Lender all his, her or its claims on the Lands subject to the redemption provision set out in Section 4 of this set of standard charge terms; and

(h) provided that until default, the Borrower shall have quiet possession of the Lands.

14. INSURANCE

The Borrower shall immediately insure and keep insured in favour of the Lender against loss or damage by fire and other insurable risks, hazards and perils which the Lender may require, including risks and perils covered by an "all risks" policy, for the full insurable value in lawful money of Canada on a replacement cost basis, each and every building on the Lands and which may hereafter be constructed thereon, both during construction and thereafter and all Fixtures, and all other risks, hazards and perils of any nature or kind which the Lender may require depending on the nature of the Lands or the use thereof, with an insurance company duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose when due. Each policy of insurance shall provide that any loss shall be payable to the Lender in priority to every person, subject to an Insurance Bureau of Canada approved standard mortgage clause or other mortgage clause acceptable to the Lender, and shall contain an undertaking by the insurer to notify the Lender in writing, not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof.

The Borrower has delivered to the Lender a copy of the policy or policies evidencing the insurance and any receipts for the premiums thereon and will provide to the Lender, at least fifteen (15) days prior to the expiry of a policy or at least five (5) days prior to the termination or cancellation of any policy, evidence of renewal or replacement of the policy.

If the Borrower is in breach of any of the covenants in this section 14, the Lender shall be entitled but shall not be obliged to obtain insurance for the Lands or any part thereof, with no duty to account for the proceeds thereof, and if the Lender pays any premiums or sums for such purpose the amount of such payment shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

If all or any part of the Lands are damaged or destroyed, the Borrower shall immediately furnish at the Borrower's own expense all necessary proofs of claim and do all necessary acts to enable the Lender to obtain payment of the insurance monies. The production of a copy of the Charge shall be sufficient authority for any insurance company to pay any such loss to the Lender or to accept instructions from the Lender dealing with the loss.

Any insurance monies received may, at the option of the Lender and in such amounts as it elects, be applied in rebuilding, reinstating or repairing the Lands, be applied to such portion of the Indebtedness whether due or not, or be paid to the Borrower or any other person appearing by the registered title to be or to have been the owner of the Lands. No damage may be repaired nor any reconstruction effected by the Borrower without the prior written approval of the Lender.

If all or any part of the Lands is or becomes a Unit, the Borrower shall, or shall cause the Condominium Corporation, to observe and perform all covenants required to be observed and performed by the Borrower in this section 14, and shall:

(a) immediately on the happening of any loss or damage to the Lands, comply fully with the terms of the policy or policies of insurance and, without limiting the generality of the obligation of the Borrower under section 40 of this set of standard charge terms, with the insurance provisions relating to the condominium building of which the Lands form a part;

(b) cause any insurance monies to be made payable to the Condominium Corporation or, if any insurance trustees are designated by the bylaws, to named insurance trustees, and to be made payable firstly to the Lender in the event that the Condominium Corporation resolves not to repair or replace the damaged Unit, buildings, common property, common facilities and other insurable improvements in respect thereof as provided in the *Condominium Act*;

(c) cause all applicable policies of insurance to contain an Insurance Bureau of Canada approved standard mortgage clause or other mortgage clause acceptable to the Lender to be effective in the event that the Condominium Corporation resolves not to repair or replace the damaged Unit, buildings, common property, common facilities and insurable improvements in respect thereof; and

(d) if, in the reasonable opinion of the Lender, the insurance carried by the Condominium Corporation is deemed inadequate, at the Lender's request, carry a separate policy of insurance on each Unit forming part of the Lands at the Borrower's own cost.

15. LEASEHOLD PROVISIONS

If the interest of the Borrower in all or any part of the Lands derives from a Lease or Leases, then the following additional provisions apply with respect to such interest and to each Lease:

(a) The Borrower hereby grants, mortgages, demises, subleases and charges to the Lender all estate, term, right, title and interest of the Borrower in and to the Lease and the Lands together with any and all other, further or additional estate, term, right, title and interest therein or any part thereof acquired by the Borrower and all benefit and advantage therefrom including any right or option to purchase or to lease, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "**Reversion**"), as security for the payment to the Lender of the Indebtedness and the performance of all covenants, agreements and obligations in respect of the Indebtedness, whether contained in the Charge or otherwise.

(b) If the Lease requires the consent of the lessor under the Lease to the mortgage, demise, sublease and charge created by the Charge, such mortgage, demise, sublease and charge shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of the Charge have been obtained or have become unnecessary, and the Borrower shall immediately obtain and provide to the Lender all such consents.

(c) The Borrower represents and warrants to the Lender as follows:

    (i) the Borrower has good leasehold title to the Lands free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Lender;

    (ii) the Lease is, at the time of registration of the Charge, a good, valid and subsisting Lease and has not been surrendered or forfeited or become void or voidable and the Borrower has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;

    (iii) there have been no modifications to the Lease that have not been provided to the Lender;

    (iv) the Leasehold Rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Borrower up to the date of the Charge;

    (v) the Borrower has a good right, full power and lawful and absolute authority to mortgage, demise, sublease and charge the Lease to the

Lender in the manner aforesaid and has obtained the consent of the lessor under the Lease to the Charge to the extent required under the Lease.

(d) The Borrower shall stand possessed of the Reversion in trust for the Lender to assign and dispose of the Reversion or any renewal or substituted term of the Lease in such manner as the Lender may direct (subject to the right of redemption in the Charge).

(e) The Borrower shall pay the Leasehold Rents and shall observe and perform all covenants contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Borrower shall indemnify the Lender against all actions, claims and demands whatsoever in respect of the Leasehold Rents and anything relating to the Lease.

(f) The Borrower shall not transfer, assign, sublease, surrender or terminate the Lease or any of the Borrower's rights or interest in the Lease except as provided in the Charge.

(g) The Borrower shall not alter the Lease or permit any amendment of the terms of the Lease without the prior written consent of the Lender.

(h) The Borrower shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and, subject to any contrary directions from the Lender, shall exercise any such options or rights so as to maintain or continue the term of the Lease.

(i) Any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Lender to demand repayment of all monies secured by the Charge with accrued interest thereon.

(j) If the Borrower becomes the owner of the freehold of the lands and premises demised by the Lease, the Charge shall increase to be a mortgage of the freehold interest in such lands and premises to the same extent and effect as if the Borrower had been the owner of the freehold, free from encumbrances, at the date of the Charge. For the purpose of giving effect to the foregoing, the Borrower does hereby grant, mortgage and charge the freehold interest in the Lands and premises demised by the Lease to and in favour of the Lender, such grant, mortgage and charge to take effect upon the Borrower acquiring freehold title to such lands and premises.

(k) The Borrower shall immediately notify the Lender of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor.

(l) In the event of any default under the Lease, the Lender shall, at its option but without incurring any liability to do so, be entitled to pay such Leasehold Rents or observe or perform such covenant, and all monies expended by the Lender in so doing shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Borrower's leasehold interest in the Lands.

(m) The Borrower hereby irrevocably appoints the Lender to be the attorney of the Borrower during the continuance of the Charge to assign the term of the Lease as the Lender may at any time direct, to enforce any covenants of the lessor under the Lease, to exercise any options to renew the Lease in the Lender's discretion and to execute any other document or do any other act or thing which the Lender is permitted or the Borrower is permitted or required to do under the provisions of the Lease.

(n) Any reference in the Charge to any charges payable in respect of the Lands shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Borrower under the Lease.

(o) No action taken by the Lender pursuant to this section 15 will make the Lender a mortgagee in possession.

16. LIENS AND CONSTRUCTION

The Borrower shall not permit any lien to be registered against the Lands or any part thereof under the *Construction Lien Act*, or under any other statute or law. In the event that a lien is registered against the Lands or any part thereof, the Lender may, but shall not be obliged to, pay into court such amounts as may be required to remove such lien from title to the Lands. Any monies so paid by the Lender, together with all costs, charges, and expenses incurred by the Lender in connection therewith, (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis), shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

If the Charge relates to construction on the Lands, the Borrower shall establish, maintain and operate at all relevant times a holdback account or accounts in the manner required by the *Construction Lien Act* and provide to the Lender any information relating to such holdback accounts as the Lender may from time to time request. The Borrower shall use any funds in the holdback account only as permitted by the *Construction Lien Act* and shall not disburse funds from the holdback accounts until the expiry of all applicable lien filing periods. The Lender may require any part of the Principal Amount to be deposited in any such holdback accounts at such times and in such amounts as the Lender in its sole discretion may determine.

In no case are unadvanced portions of the Principal Amount to be considered by the Borrower or any other person to be a holdback under the *Construction Lien Act*. For greater certainty, the Lender will not maintain any holdback accounts.

The Borrower and Covenantor irrevocably consent to the disclosure of information pursuant to the *Construction Lien Act* by the Lender to any person that purports to be entitled to request information under the *Construction Lien Act*.

17. WASTE, VACANCY AND REPAIR

The Borrower shall not commit or permit waste on the Lands and shall maintain or cause to be maintained the buildings and Fixtures on the Lands in good order and repair to the satisfaction of the Lender and shall not permit any such buildings to be or become vacant.

The Lender may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary to complete the construction or reconstruction of any building on the Lands, and the costs, charges and expenses incurred by the Lender in connection therewith shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands. No action taken by the Lender pursuant to this section 17 will make the Lender a mortgagee in possession.

18. INSPECTION

The Lender or its agent, may, at any time, and for any purpose deemed necessary by the Lender enter upon the Lands to conduct any investigations, audits and inspections of or with respect to the Lands, including but not limited to environmental testing, site assessment, investigation or study, and the costs, charges and expenses incurred in connection therewith shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands. No action taken by the Lender or its agent pursuant to this section 18 will make the Lender a mortgagee in possession.

19. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Lender incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act,* R.S.O., c. 0.31, as amended (the "**ONHWPA**"), including, without limitation, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Lands or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

20. PROHIBITION AGAINST RENTAL

(a) When used in the Charge, "**Tenant**" shall have the meaning set out in Section 1 of the *Tenant Protection Act*, 1997, S.O. 1997, c. 24, as amended;

(b) The Borrower represents, warrants, covenants and agrees that no part of the Lands is rented or occupied by a Tenant and further covenants and agrees not to rent, lease, enter into a tenancy agreement of or allow occupancy by a Tenant of the whole or any part of the Lands (any of the above being referred to as "**Renting**") without first obtaining the consent in writing of the Lender which consent may be refused at the sole discretion of the Lender; further the Borrower covenants and agrees not to enter into any negotiations with respect to Renting without the prior consent in writing of the Lender, which consent may be refused, restricted or made conditional at the sole discretion of the Lender; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Borrower covenants and agrees to abide by such restrictions or conditions;

(c) The Borrower represents, warrants, covenants and agrees not to permit the Lands or any part thereof to be used in a rental pool, time-share or short term rental program without first obtaining the consent in writing of the Lender, which consent may be refused at the sole discretion of the Lender;

(d) The Renting of the whole or any part of the Lands without the prior written consent of the Lender shall be deemed to have been done with the object of discouraging the Lender from taking possession of the Lands on default or adversely affecting the value of the Lender's interest in the Lands within the meaning of Section 52(1) of the *Mortgages Act*;

(e) In the event that any of the covenants contained in this section shall be breached then, at the option of the Lender, all monies hereby secured with accrued interest thereon shall forthwith become due and payable;

(f) If the whole or any part of the Lands is rented to a Tenant with or without the written consent of the Lender, at such time as the Lender is entitled to enforce its rights under the Charge by reason of default of the Borrower, the Lender may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the co-operation of such Tenant in selling the Lands, showing the Lands and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on this security and the amount so paid shall be added to the debt hereby secured and be a charge on the Lands and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Lands prior to all claims thereon registered or arising subsequent to the Charge and shall be payable forthwith by the Borrower to the Lender; the Borrower hereby irrevocably appoints the Lender to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Borrower with respect to all or any part of the Lands and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Borrower which it, as Lender, may consider desirable.

21. FAMILY LAW ACT

The Borrower covenants and agrees that:

(a) the Borrower or the owner from time to time of the Lands will advise and keep advised the Lender as to whether the Borrower or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F.3, as amended (the "**Family Law Act**"), and if so, the name of the Borrower's spouse, and of any change in the Borrower's spousal status or in the status of the Lands as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Borrower will furnish the Lender with such evidence in connection with any of the matters referred to in clause (a) above as the Lender may from time to time require, including, without limitation, the Borrower's and the Borrower's spouse's name, address and birth date and the Borrower's and the Borrower's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c.V.4, as amended, to provide the Lender from to time on request all information in its possession relative to any marriage, divorce or death of the Borrower or the Borrower's spouse, and on default in providing such evidence and authorization all monies secured by the Charge with accrued interest thereon shall, at the option of the Lender, immediately become due and payable.

22. DUE ON SALE

In the event that:

(a) the Lands or any part thereof or any interest therein is sold, conveyed, transferred, assigned, or otherwise disposed of, or the Borrower enters into any agreement to effect any of the foregoing to any person, without the Lender's prior written approval, or

(b) an approved purchaser, grantee, transferee or assignee of the title of the Lands should fail to (i) personally assume all of the obligations of the Borrower under the Charge, (ii) execute an assumption agreement in the form required by the Lender, and (iii) comply with all other conditions of approval,

then at the option of the Lender all monies secured by the Charge with accrued interest thereon shall immediately become due and payable.

23. CHANGE IN CORPORATE CONTROL OR REMOVAL OF TRUSTEE

If without the prior written consent of the Lender, which consent may be refused at the sole discretion of the Lender,

(a) in the case where the Borrower is a corporation, there is a change in the persons having effective voting control of the Borrower or the Borrower enters into an amalgamation, a merger or similar arrangement; or

(b) in the case where the Borrower holds title to the Lands as trustee of a trust, the Borrower resigns or is removed or otherwise no longer acts as trustee of such trust,

all monies secured by the Charge with accrued interest thereon shall, at the option of the Lender, immediately become due and payable.

24. COMPLIANCE WITH THE LAW

The Borrower shall at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, bylaws, ordinances, work orders and regulations of every governmental or administrative authority or agency and all permits, licenses and approvals issued thereunder whether federal, provincial, municipal or otherwise, including, without limitation those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, contaminated wastes, or hazardous or toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Lands or any part thereof.

The Borrower shall from time to time, upon request of the Lender, provide to the Lender evidence of such observance and compliance and shall, at the Borrower's own expense, make any and all improvements or alterations to the Lands, structural or otherwise, and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation. The Borrower shall immediately report to the Lender any non-compliance thereunder involving the Lands.

If the Borrower fails to comply with any such law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation, the Lender shall be entitled but shall not be obliged to take such actions and incur such costs and expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) to effect such compliance and the amounts thereof shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

25. ENVIRONMENTAL COMPLIANCE

To the best of the Borrower's knowledge after due and diligent inquiry, no contaminants, wastes, hazardous or toxic materials are being stored in, on, or about the Lands nor have any contaminants, wastes, hazardous or toxic materials been stored or used in, on, or about the Lands prior to the Borrower's ownership, possession or control of the Lands. The Borrower agrees to provide written notice to the Lender immediately upon the Borrower becoming aware that the Lands are being or have been contaminated with any contaminants, wastes, hazardous or toxic materials. The Borrower will not permit any activities on the Lands which directly or indirectly could result in the Lands being contaminated with contaminants, wastes, hazardous or toxic materials. The representations and warranties contained in this section 25 shall survive and remain in full force and effect notwithstanding any independent inspections, investigations and assessments which the Lender may conduct or cause to be conducted with respect to the Lands.

The Borrower shall pay immediately when due the cost of removal of any contaminants, wastes, hazardous or toxic materials in, on, or about the Lands.

The Borrower shall indemnify and hold harmless the Lender and its directors, officers, employees and agents from and against all loss, cost, damage or expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) incurred in the investigation, defence and settlement of any claim due to the Borrower's failure to comply with any statutory regulation, order, bylaw, direction or equivalent relating to the protection of the environment, or due to the presence of any contaminant, waste or hazardous or toxic material in, on, or about the Lands, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Lands.

26. INDEBTEDNESS DUE ON DEMAND OR DEFAULT

The Lender may, in its unrestricted and absolute discretion, demand repayment at any time of any portion of the Indebtedness and the Borrower shall immediately pay to the Lender, on demand, the amount so declared by the Lender to be due and payable, together with interest calculated on such amount at the Interest Rate, compounded monthly, from the date of demand until such amount is paid. Without limitation, the Indebtedness shall, at the option of the Lender, immediately become due and payable upon the occurrence of any one of the following events (each, a "**default**"):

(a) if any payment of any of the Indebtedness or any part thereof by the Borrower is not paid when due;

(b) if the Borrower makes any false statement to the Lender in the Charge or any instrument or agreement representing or evidencing Indebtedness or otherwise relating to the Charge;

(c) if the Borrower commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Borrower, or any authorized assignment for the benefit of creditors is made by the Borrower, or if a receiver or trustee for the Borrower or for any of the assets of the Borrower is appointed;

(d) if all or any part of the Lands are expropriated under the provisions of any law of Canada or any province thereof;

(e) if any act or thing is done by any person by which the value of the Lands, in the opinion of the Lender, diminishes;

(f) if the Borrower further encumbers the Lands without the express written consent of the Lender;

(g) if the Borrower sells, grants an option to purchase, leases, conveys or transfers title to all or part of the Lands, or agrees to do any of the foregoing, without the express written consent of the Lender;

(h) if all or any part of the Lands are used for an illegal purpose by any person, or if any illegal business is conducted in, on or about the Lands, or if equipment believed by the Lender to be related to an illegal business is installed in, on or about the Lands;

(i) if the Borrower is in default under any term, covenant, agreement, proviso or condition contained in any other mortgage, security agreement or other agreement to which the Borrower and the Lender are parties, even though the Borrower is not in default under any term, covenant, agreement, proviso or condition contained in the Charge;

(j) if the Borrower is in default in the observance or performance of any of the covenants, agreements, provisos or conditions contained in any mortgage, charge or other encumbrance to which the Charge is subject or subordinate including Permitted Encumbrances;

(k) upon the registration of any lien or judgment against the Lands or any part thereof, or if any buildings being constructed thereon being allowed to remain unfinished or without any work being done on them for a period of thirty (30) consecutive days;

(l) if the Borrower is in default under any term, covenant, agreement, proviso or condition contained in any security collateral to the Charge or in any agreement entered into relating to or in connection with the Charge; or

(m) if the Borrower is in breach of any other term, covenant, agreement, proviso or condition contained in the Charge, which breach is not rectified within ten (10) days of notice thereof to the Borrower.

The Lender may exercise its rights and remedies hereunder immediately upon demand or default, and the Borrower hereby confirms that, except as may be expressly otherwise provided in the Charge, the Lender has not given any covenant, express or implied, and is under no obligation to allow the Borrower any period of time for repayment or to remedy any default prior to the Lender exercising its rights and remedies under the Charge.

27. LENDER'S REMEDIES

On demand by the Lender of all or any part of the Indebtedness or on default by the Borrower under the Charge, the Lender may, at its option and in any order that it chooses, exercise any one or more of the following remedies:

(a) if demand for payment of all or any portion of the Indebtedness has not been made, demand payment of the Indebtedness or portion thereof together with interest thereon as provided for under the Charge;

(b) sue the Borrower, the Covenantor or any other person liable for payment of the monies secured by the Charge, for repayment of the Indebtedness together with interest thereon;

(c) take any and all legal steps and court proceedings which the Lender in its absolute discretion deems necessary to compel the Borrower to observe and perform the covenants and agreements hereunder;

(d) enter into possession of the Lands and take the rents, issues and profits and, whether in or out of possession, make such Lease or Leases as it shall think fit;

(e) on fifteen days' default, the Lender may, after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, sell or lease the Lands or any part or parts thereof;

(f) the following provisions shall apply, where applicable, with respect to the sale or lease of the Lands by the Lender:

  (i) notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on some portion of the Lands, if unoccupied, or at the option of the Lender, by mailing it by registered mail addressed to the Borrower at the Borrower's last known address;

  (ii) such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability;

  (iii) sale of the Lands or any part or parts thereof may be by public auction or private contract, or partly the one and partly the other, and the Lender may convey and assure the same when so sold to the purchaser or purchasers thereof as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid;

  (iv) the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering, keeping possession of, leasing or selling the Lands or by reason of non-payment or procuring payment of monies, secured hereby or otherwise; and the Lender may sell all or any part of the Lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such price as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it may deem proper;

  (v) the Lender may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for any loss occasioned thereby;

  (vi) in the case of a sale on credit or part for cash and part for credit, the Lender shall be bound to pay the Borrower only such monies as have been actually received from purchasers after the satisfaction of the claims of the Lender and for any of said purposes may make and execute all agreements and assurances as it shall think fit;

  (vii) any purchaser or tenant shall not be bound to enquire into the legality, propriety or regularity of any sale or lease or be affected by notice of any impropriety or irregularity, expressed or otherwise, or that any sale or lease is improper and no want of notice or publication if required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or tenant upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been unauthorized, or improperly or irregularly exercised, or that such notice had not been given in compliance with the *Mortgages Act*, or had been given improperly, and any person suffering damages by an unauthorized, improper, or irregular exercise of the power shall have his remedy, if any, against the person exercising the power in damages only;

(viii) the Lender may sell Fixtures, machinery, crops and standing or fallen trees apart from the Lands, and the purchaser as well as the Lender shall have all necessary access for securing, cutting and removal;

(ix) it is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Lender in the Charge contained or existing at law by virtue thereof;

(x) until such sale or sales are made, the Lender shall stand possessed of the Rents and profits of the Lands if the Lender takes possession of them on default and after such sale or sales shall stand possessed of the proceeds from such sales, in trust upon payment of, firstly, all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly, all costs, charges, damages and expenses of the Lender relating to Taxes, prior charges, if any, Leasehold Rents, insurance premiums, repairs, utilities and any other monies which the Lender may have paid relating to the Lands, thirdly, all interest and costs then due in respect of the Charge, fourthly, the Indebtedness, fifthly, amounts owing to subsequent encumbrancers, if any, and the residue, shall be paid to the Borrower as the Borrower may direct; and

(xi) the Lender shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default;

(g) distrain upon any goods upon the Lands and by distress warrant to recover by way of rent reserved as in the case of a demise of the Lands as much of the Indebtedness as shall from time to time be in arrears, together with all costs, charges and expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) related to such distress as in like cases of distress for rent; and the Borrower hereby waives, on the exercise of such right and license, all rights to exemption from seizure and distress under any law whatsoever;

(h) without notice to or the concurrence of any person, enter on the Lands and without limiting the generality of the foregoing, make such arrangements for completing the construction of, repairing or putting in order any buildings or Fixtures on the Lands, or for inspecting, taking care of, leasing, collecting the Rents of, and generally managing the Lands as the Lender may deem expedient and no action taken by the Lender pursuant to this section 27(h) will make the Lender a mortgagee in possession;

(i) appoint a receiver (which term as used herein includes a receiver manager) of the Lands, or any part thereof, in accordance with section 42;

(j) take any and all legal steps and court proceedings to realize on the security created by the Charge, including applying to a court of competent jurisdiction for an order foreclosing the fee interest or equity of redemption of the Borrower in the Lands or an order that the Lands be sold on terms approved by such court; and

(k) take any and all other legal steps and court proceedings available to a mortgagee at law and in equity.

28. APPLICATION OF PAYMENTS ON DEMAND OR DEFAULT

On demand or default by the Borrower, the Lender may apply any payments received after demand or during the period of default in whatever order and amounts it may elect as between principal, interest, Taxes, insurance premiums, repairs, or other monies payable by the Borrower secured by the Charge.

29. NON-MERGER

The taking of a judgment or judgments on any covenants contained in the Charge shall not operate as a merger of such covenants or affect the right of the Lender to interest at the Interest Rate; and any such judgment shall provide that interest thereon shall be computed at the Interest Rate and in the same manner as provided in the Charge until such judgment has been fully paid and satisfied.

30. OBLIGATIONS SURVIVE SALE

No sale or other dealing by the Borrower with the Lands or any part thereof shall in any way change the liability of the Borrower, the Covenantor or any other person liable for the payment of the monies secured by the Charge or in any way alter the rights of the Lender as against the Borrower, the Covenantor, or any other person liable for the payment of the monies secured by the Charge.

31. PARTIAL RELEASE

The Lender may at all times release any part or parts of the Lands or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Borrower or Covenantor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Lender, and without thereby releasing any other part of the Lands, or any other security or covenants in the Charge or elsewhere contained. Notwithstanding any such release the Lands, security and covenants remaining unreleased shall remain a charge for all the monies secured by the Charge.

32. ENCUMBRANCES AND COSTS

The Borrower shall pay and discharge, or cause to be paid and discharged, all encumbrances, liens or charges now or hereafter existing or to arise or to be claimed upon the Lands or any part thereof, having or claiming priority over the Charge. If the Borrower fails to do so, the Lender may pay the amount required to discharge any such encumbrance, lien or charge, including any Taxes, utility charges or other rates on the Lands, liens or any amounts payable to the Condominium Corporation.

In the event of the Lender paying the amount of any such encumbrance, lien or charge, either out of the monies advanced on the security of the Charge or otherwise, the Lender shall be subrogated to and entitled to all the rights, equities and securities of the person, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for so long as the Lender deems it proper to do so.

33. EXTENSIONS

No extension of time given by the Lender to the Borrower, or anyone claiming under the Borrower, or any other dealing with the owner of the equity of redemption of the Lands shall in any way affect or prejudice the rights of the Lender against the Borrower, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

34. DISCHARGE

The Lender shall have a reasonable time after request by the Borrower and payment in full of all monies secured by the Charge within which to prepare and sign a discharge or, if requested by the Borrower and consented to by the Lender, an assignment of the Charge. Interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Lender. The Borrower will pay the Lender's usual administrative fee, if applicable, for preparing and signing a discharge or assignment and all other legal and other expenses, whether the discharge or assignment is prepared by the Lender, the Borrower or any other person. It is the Borrower's responsibility to register the discharge or assignment on title and to pay the registration fee. If electronic registration is available for the Charge, the Lender may register the discharge or assignment on the Borrower's behalf and at the Borrower's expense and will provide either the Borrower or the Borrower's solicitor with confirmation of registration. The indemnity contained in section 25 shall continue notwithstanding a discharge of the Charge.

35. OTHER SECURITY

This Charge is in addition to and not in substitution for any other security held by the Lender including, without limitation, any promissory note or notes for all or any part of the Indebtedness, and the Lender may pursue its remedies thereunder or under the Charge concurrently or successively at its option and in such order as the Lender determines in its sole discretion. Any judgment or recovery under the Charge or under any other security held by the Lender for, among other things, the Indebtedness shall not affect the right of the Lender to realize upon this or any other security. The Borrower shall comply with the terms and provisions of any other or collateral security held by the Lender.

36. PLACE OF PAYMENT

All payments secured by the Charge shall be made in the lawful money of Canada prior to 4:00 p.m. at the Place of Payment or as otherwise agreed to by the Lender. Any payments made after 4:00 p.m. shall be credited as being paid on the next day that the Lender is open for business.

37. SPOUSE'S CONSENT

The spouse of the Borrower named in the Charge consents to the transaction evidenced by the Charge and releases all interest in the Lands to the extent necessary to give effect to the rights of the Lender under the Charge, and agrees that the Lender may, without further notice, deal with the Lands and the charge created by the Charge as the Lender may see fit.

38. SEVERABILITY OF ANY INVALID PROVISIONS

If at any time any provision of the Charge in whole or in part is declared or held illegal, invalid or unenforceable under, or inconsistent with any applicable law or would by reason of any such law render the Lender unable to collect the amount of any loss sustained by it as a result of making the loan or loans secured by the Charge which it would otherwise be able to collect, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid, unenforceable or inconsistent or would so render the Lender unable to collect the amount of any such loss, and the Charge will continue in full force and effect and be construed as if it had been given without such illegal, invalid, unenforceable or inconsistent provision.

39. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

No failure to enforce at any time or from time to time any of the rights of the Lender under the Charge shall prejudice such rights or any other rights of the Lender against the Borrower, the Covenantor or any other person liable for payment of the monies secured by the Charge; no performance or payment by the Lender in respect of any breach or default under the Charge by the Borrower shall relieve the Borrower from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Lender shall prejudice such rights in the event of any future default or breach.

40. CONDOMINIUMS

If the Lands or any part thereof are or becomes one or more Units in a condominium, the following provisions apply:

(a) The Borrower shall at all times and from time to time observe and perform all duties and obligations imposed on the Borrower by the *Condominium Act* and by the Declaration, and any bylaws, rules and regulations, as amended from time to time, of the Condominium Corporation. Any breach of such duties and obligations shall constitute default under the Charge, entitling the Lender to demand repayment of all monies secured by the Charge with accrued interest thereon.

(b) Without limiting the generality of the foregoing, the Borrower shall pay when due any contribution to common expenses required of the Borrower as an owner of the Lands and assessments and any other amounts levied by the Condominium Corporation in respect of the Lands. In the event of the Borrower failing to do so,

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the Lender, at its option, may make any and all such payments on behalf of the Borrower, and any monies so paid shall be payable immediately, shall be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

(c) The Borrower hereby irrevocably assigns to the Lender all of the Borrower's rights under the *Condominium Act*, the Declaration and any bylaws, rules and regulations, as amended from time to time, of the Condominium Corporation.

(d) The Borrower irrevocably authorizes and empowers the Lender to exercise the right of the Borrower as an owner of the Lands to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

    (i) the Lender may at any time or from time to time give notice in writing to the Borrower and the Condominium Corporation that the Lender does not intend to exercise the right to vote or consent and in that event until the Lender revokes the notice the Borrower may exercise the right to vote or consent. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

    (ii) the Lender shall not by virtue of the assignment to the Lender of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Borrower.

(e) At the Lender's request, the Borrower shall deliver to the Lender such proxies or other instruments as may be considered requisite by the Lender to confer such power of voting upon the Lender.

(f) The Borrower hereby irrevocably authorizes the Lender as the authorized agent of the Borrower at any time, and from time to time, to apply to the Condominium Corporation for copies of bylaws, financial statements, notices, minutes, information relating to levies and assessments and any other information or certificates available under the *Condominium Act* related to the Lands.

(g) The Borrower covenants and agrees to advise the Condominium Corporation to send all notices which would be sent to the Borrower by the Condominium Corporation to the Lender and to notify the Lender of any breaches by the Condominium Corporation that come to the attention of the Borrower in order that the Lender is kept fully informed.

(h) No action taken by the Lender under this section 40 will make the Lender a mortgagee in possession.

41. RENEWAL, CONVERSION AND MODIFICATION

Notwithstanding the terms and conditions contained in the Charge, the Charge may be subject to collateral agreements between the Lender and the Borrower with respect to the frequency of payments both before and after default and the fluctuation of the Interest Rate. In addition, the Charge may be amended, renewed or extended as the Lender and the Borrower may agree from time to time. Such amendments, renewals or extensions may result in an increase in the Interest Rate beyond the rate per annum set out in the Charge. Such amendments, renewals or extensions may, but need not be, registered against the Lands and whether or not so registered, the Charge, as so modified, shall rank in priority to any and all interests registered against the Lands subsequent to the registration of the Charge as if and to the extent that such modification had been executed and registered, and all monies thereunder advanced, before the execution and registration of any subsequent interests. For the purpose of Section 72(1) of the *Land Titles Act*, R.S.O. 1990, c.L.5 this section 41 shall be notice of the Charge and the contents hereof to every person dealing with the title to the Lands.

If a renewal agreement in respect of the Charge is sent by the Lender to the Borrower but the Borrower does not sign and return it to the Lender as required, the Charge, at the Lender's option, will renew on the terms provided in such renewal agreement. Any changes to the interest rate, amortization period, term, payment instalments, payment dates or any other terms shall not reduce or lessen the rights of the Lender against the Borrower, Covenantor or any other persons liable for the payment of the Indebtedness notwithstanding that such person may not have signed or be a party to such agreement. The Borrower, Covenantor or any other persons liable for the payment of the Indebtedness agree to be bound by any such agreement, whether oral or in writing, to amend, renew or extend the Charge.

Nothing contained in this section 41 shall confer any right of renewal or extension upon the Borrower.

42. RECEIVERSHIP

When the Borrower is in default under the Charge, the Lender may, with or without entry into possession of the Lands, or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of any person, as a receiver (which term as used herein includes a receiver manager) of the Lands, or any part thereof, and of the Rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, by similar writing remove any receiver and appoint another receiver, and that in making any such appointment or removal, the Lender shall be deemed to be acting as the agent or attorney for the Borrower, but no such appointment shall be revocable by the Borrower. Upon the appointment of any such receiver the following provisions apply:

(a) The receiver shall have unlimited access to the Lands (which right of access shall not be revocable by the Borrower) and shall have full power and unlimited authority to:

  (i) collect the Rents and profits from Leases;

  (ii) rent any portion of the Lands on such terms and conditions as the receiver considers advisable and enter into and execute Leases, accept surrenders and terminate Leases;

  (iii) complete the construction of any building or buildings or other erections or Fixtures on the Lands, purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Borrower's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;

  (iv) manage, operate, repair, alter or extend the Lands or any part thereof and carry on the Borrower's business on the Lands;

  (v) sell or grant options to purchase the Lands, or any part thereof, by public auction or private sale, on such terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;

  (vi) rescind or vary any contract or agreement of sale or lease of the Lands;

  (vii) borrow such sum or sums as will, in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates;

  (viii) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties; and

  (ix) perform such other acts and duties and incur any other expense that, in the receiver's opinion, will maintain, preserve or increase the value or income potential of the Lands or that is authorized by a court order appointing the receiver.

The Borrower undertakes to ratify and confirm whatever the receiver may do in respect of the Lands.

(b) The Lender at its discretion may vest the receiver with all or any of the rights and powers of the Lender.

(c) The Lender may fix the reasonable remuneration of the receiver and such remuneration together with all costs, charges and expenses of the receiver and receiver's borrowings, if any, required for the purposes of carrying on the receiver's duties hereunder shall be payable immediately on demand by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

(d) The receiver shall be deemed the agent or attorney of the Borrower and not of the Lender and the Lender shall not be responsible for the acts and omissions of the receiver.

(e) The appointment of any receiver by the Lender shall not result in or create any liability or obligation on the part of the Lender to the receiver or to the Borrower or to any other person including without limitation, for the receiver's remuneration, costs, charges and expenses and no appointment or removal of a receiver and no actions of a receiver shall render the Lender a mortgagee in possession of the Lands.

(f) No receiver shall be liable to the Borrower to account for monies other than monies actually received by the receiver in respect of the Lands or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:

   (i) all the receiver's remuneration,

   (ii) all costs, charges and expenses of every nature and kind incurred by the receiver, excluding the receiver's borrowings,

   (iii) any sums borrowed by the receiver from the Lender and interest thereon as secured by receiver certificates,

   (iv) the Indebtedness to be paid in such order as the Lender in its sole discretion shall determine,

   (v) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Lender and interest thereon as secured by receiver certificates, and

   (vi) any surplus, subject to the rights of other creditors, to the Borrower.

(g) Save as to claims for accounting under paragraph (f) of this section 42, the Borrower hereby releases and discharges any such receiver from every claim of every nature which may arise or be caused to the Borrower or any person claiming through or under the Charge by reason or as a result of anything done by the receiver unless such claim is the direct and proximate result of dishonesty or fraud.

(h) The statutory declaration of an officer or agent of the Lender as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the Charge shall be sufficient proof thereof for the purposes of any person dealing with a receiver and such dealing shall be deemed to be valid and effectual notwithstanding any contrary assertion by the Borrower.

(i) The rights and powers conferred in the Charge in respect of the receiver are in addition to and not in substitution of any other rights and powers which the Lender may have.

43. EXPROPRIATION

In the event of any expropriation affecting the Lands or any part thereof, the Borrower agrees that the proceeds from the expropriation shall be paid to the Lender in priority to the claims of any other party. The Lender through its agents or employees may order a survey and/or property valuation of the Lands in order to ascertain the value of the expropriated lands and the remaining lands. Any and all reasonable costs, charges, and expenses for such survey and/or property valuation shall be added to the Indebtedness and shall bear interest at the Interest Rate, and shall, with such interest, be a charge on the Lands prior to all claims thereon subsequent to the Charge and shall be payable on demand.

44. TRANSFER AND DISCLOSURE OF PERSONAL INFORMATION

The Borrower agrees that the Lender may securitize, assign, transfer or pledge the Charge without the consent of, or notice to, the Borrower. The Borrower acknowledges that the Lender may from time to time obtain credit support, insurance or liquidity in respect of the Charge or in respect of the securitization, assignment, transfer or pledge of the Charge. The Borrower irrevocably agrees that the Lender may collect, use and disclose all personal information included in or relevant to the Charge (including credit and default information) with respect to the Borrower, the Covenantor or any other person who assumes or becomes responsible for payment of any amounts secured by the Charge in connection with such securitization, assignment, transfer, pledge, credit support, insurance or liquidity or collection or enforcement proceedings in respect of the Charge.

45. MORTGAGE EXPENSES

The Borrower agrees to pay the reasonable costs, charges and expenses of and incidental to the Charge and all other documents or security required in connection with or collateral to the Charge and of anything done in connection with the enforcement of the security granted by the Charge or the procuring of the payment of all or any part of the Indebtedness including, without limitation:

(a) processing and administration fees (if any);

(b) legal costs and disbursements (on a full indemnification basis and in no event less than on a solicitor and client basis);

(c) other costs and expenses relating to inspecting the Lands, appraising the value of the Lands, examining title, preparing, executing, delivering and/or registering any document, providing legal advice and opinions; and

(d) other costs and expenses relating generally to any steps and proceedings reasonably taken by the Lender in order to preserve or protect the Lands, defend the validity or priority of the Charge or realize on the security created by the Charge.

The Borrower further agrees that any amounts so incurred or charged by the Lender shall be payable immediately on demand by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

46. ASSIGNMENT OF RENTS AND LEASES

The Borrower hereby assigns to the Lender all right, title and interest of the Borrower in the Rents and Leases to have and to hold absolutely until all monies secured by the Charge and all obligations of the Borrower whether contained in the Charge or otherwise have been fully paid and satisfied.

The Borrower hereby grants to the Lender full power and authority to enter upon the Lands to collect the Rents, to demand, collect, sue for, distrain for, recover, receive and give receipts for the Rents, to enforce payment of the Rents and performance of the obligations of any guarantees of payment and covenants to pay, and to exercise all rights in respect of any or all Leases, in the Lender's own name or in the name of and as agent for the Borrower, as the Lender may elect, and hereby grants to the Lender irrevocable authority to join the Borrower in any such proceedings or actions.

Notwithstanding that this is a present and absolute assignment, (subject to redemption on repayment of all monies secured by the Charge), the Borrower, as agent for the Lender, shall be entitled to collect and retain the Rents as and when they become due and payable according to the terms of the Lease and to deal with all Leases until the Lender gives notice to tenants directing that they pay the Rents to the Lender.

The Borrower covenants that it now has good and sufficient power, authority and right to assign the Rents, Leases and other benefits to the Lender as herein provided and shall not further assign, pledge or otherwise encumber the Rents or Leases, accept any prepayment of the Rents, nor do or omit to do any act having the effect of waiving, releasing, reducing or abating any rights or remedies of the Borrower or any obligations of any other party in connection with the Leases.

Nothing herein contained or any action taken by the Lender as provided will make the Lender a mortgagee in possession, or will have the effect of making the Lender responsible for the collection of the Rents or for the observance or performance or enforcement thereof or of any of the provisions of the Leases either by the Borrower or by any other person, liable to account for any monies except such monies as it actually receives pursuant to this assignment of Rents and Leases less proper collection charges, inspection fees, costs (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) and other expenses expended by the Lender and such monies when so received shall, at the discretion of the Lender, be applied on account of the monies secured by the Charge.

The giving of this assignment of Rents and Leases is by way of additional and collateral security for all monies secured by the Charge and not in substitution for any other security and will not in any way diminish, novate or otherwise affect any other security and such other security will not diminish, novate or otherwise affect this assignment of Rents and Leases. Any right or remedy under this assignment of Rents and Leases may be taken either independently or in conjunction with any other rights or remedies of the Lender under the Charge.

The Borrower shall execute and deliver such further assurances, assignments, notices or other documents and do all such other things as the Lender may reasonably require from time to time to perfect this assignment of Rents and Leases.

47. NO DEDUCTIONS

The Borrower agrees that notwithstanding anything to the contrary contained in the Charge, all payments due from or made by the Borrower shall be made without set-off or counterclaim and, subject to section 7, without any deductions or withholdings, whatsoever.

48. INTERPRETATION

The expressions "Borrower", "Lender" and "Covenantor" wherever used in the Charge shall include the heirs, executors, personal representatives, administrators, successors and assigns of the Borrower, the Lender and the Covenantor, respectively, and wherever the singular or masculine is used throughout the Charge the same shall be construed as meaning the plural or the feminine or body corporate or politic where the context so require. All covenants, liabilities, and obligations of the Borrower and Covenantor under the Charge shall be equally binding upon his, hers, its or their heirs, executors, personal administrators, successors and assigns, respectively, and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Lender shall be equally secured to and exercisable by its successors and assigns. If the Borrower or Covenantor is comprised of more than one person the covenants on the part of the Borrower and the Covenantor, respectively, herein contained shall be joint and several covenants.

49. PARAGRAPH HEADINGS

The paragraph headings and Table of Contents in this set of standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge.

50. APPLICABLE LAW

This Charge and the rights and obligations under the Charge shall be governed and construed according to the laws of the Province of Ontario.

51. *SHORT FORM OF MORTGAGES ACT*

If any of the forms of words contained herein are also contained in Column One of Schedule "B" of the *Short Form of Mortgages Act* (Ontario) and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule "B" of the said Act distinguished by the same number, and the Charge shall be interpreted as if such Act was still in full force and effect.

52. COVENANTOR OR GUARANTOR

In consideration of the Lender making advances to the Borrower in whole or in part of the monies secured by the Charge and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Covenantor does hereby covenant, promise and agree as principal debtor and not as surety to and with the Lender that the Covenantor shall pay, or cause to be paid, to the Lender the Indebtedness together with interest thereon and shall observe and perform all of the covenants, provisos, conditions, agreements and stipulations with respect to the Indebtedness on the part of the Borrower whether contained in the Charge or otherwise. If there is more than one Covenantor, the covenants herein contained shall be joint and several.

The Lender shall not be bound to exhaust its recourse against the Borrower or any other party or other security it may hold before being entitled to payment from the Covenantor of the monies secured by the Charge.

The Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of the Covenantor, the Lender may:

(a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under the Charge;

(b) grant any renewals or extensions of the Charge, with or without a change in the Interest Rate or in any other terms or conditions of the Charge and whether by express agreement of the Borrower or otherwise (including without limitation by way of an automatic renewal or extension);

(c) change the rate or rates of interest provided in the Charge, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable rate or from a variable rate to a fixed rate, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the Charge or charge constituted by the Charge the whole or any part of the Lands;

(g) advance or re-advance the Indebtedness to the Borrower pursuant to any provision of the Charge or other;

(h) deal with the Borrower or any other person liable for payment of the monies hereby secured or the Lands or the Charge or any other security as the Lender sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Charge;

(i) release or discharge one or more other Covenantors or Borrowers in respect of the Charge; or

(j) release any subsequent legal or beneficial owner of the Lands from any liability for the obligations under the Charge or refrain from requiring any such owner to assume any such liability, and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of the Covenantor hereunder, regardless of whether any such action has the effect of amending or varying the Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the obligations thereunder. The liability of the Covenantor hereunder shall extend to and include the obligations of the Borrower under the Charge as so amended, renewed, extended or varied and the Charge as so increased, expanded or altered without further action on the part of the Lender or the consent or concurrence of the Covenantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Charge is increased or otherwise altered, the liability of the Covenantor hereunder shall be extended to and include the obligation of the Borrower to pay interest at such increased or altered rate.

53. ACKNOWLEDGEMENT

The Borrower and Covenantor acknowledge receipt of a copy of this set of standard charge terms and, if applicable, any additions, amendments or deletions to this set of standard charge terms as provided in the Charge.

END OF SET

Dated the 11th day of January, 2005.

HSBC BANK CANADA,
by its solicitors, McMillan Binch LLP

Per:

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200504 Cote

STANDARD CHARGE TERMS
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Filing Date JAN 13th 05 Date de Dépôt
Page 1 of/de 28 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

STANDARD CHARGE TERMS
RESIDENTIAL

HSBC

Filing Date: ____________, 2004

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The following set of standard charge terms is deemed to be included in every charge in which this set of standard charge terms is referred to by its filing number, including, without limitation, electronic documents submitted for registration under Part III of the *Land Registration Reform Act*, as provided in Section 9 of the *Land Registration Reform Act*.

1. DEFINITIONS

In this set of standard charge terms:

(a) **"Additional Principal Amounts"** means any additional principal amounts advanced by the Lender to the Borrower at the Lender's option, from time to time under the Charge.

(b) **"Amount of Each Periodic Payment"** means the dollar amount of each payment as set out in the Charge or such other amount as may be agreed to between the parties.

(c) **"Balance Due Date"** means the date indicated in the Charge as the date the loan is intended to be repaid.

(d) **"Borrower"** means the person or persons named in the Charge as Chargor and his, her or its successors and permitted assigns.

(e) **"CMHC"** means Canada Mortgage and Housing Corporation.

(f) **"CMHC-insured Mortgage"** means a mortgage which is insured by CMHC and governed by the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time.

(g) **"Charge"** means the Charge/Mortgage of Land Form 2 under the *Land Registration Reform Act* or the Charge/Mortgage in electronic format as provided by Part III of the *Land Registration Reform Act* and includes all schedules and addenda to such document and any renewals, extensions and amendments and includes these standard charge terms.

(h) **"*Condominium Act*"** means the *Condominium Act*, R.S.O. 1998, c.19, as amended or replaced from time to time.

(i) **"Condominium Corporation"** means the corporation created pursuant to the *Condominium Act* and governing the administration of the building of which the Lands form part.

(j) ***"Construction Lien Act"*** means the *Construction Lien Act*, R.S.O. 1990, c.C.30, as amended or replaced from time to time.

(k) **"Covenantor"** means any person who is named in the Charge as a covenantor or guarantor or who, as a covenantor or guarantor, has otherwise covenanted in writing to pay the Principal Amount, interest thereon and all other monies owing to the Lender under the Charge.

(l) **"First Payment Date"** means the First Payment Date indicated in the Charge.

(m) **"Fixed Rate Mortgage"** means a mortgage which has a fixed rate of interest specified in the Charge.

(n) **"Fixtures"** means fixtures and improvements, fixed or otherwise, including, without limiting the generality of the foregoing, all fences, above ground and underground storage tanks, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, appliances, window blinds, radiators and covers, fixed mirrors, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight.

(o) **"Interest Adjustment Date"** means the Interest Adjustment Date indicated in the Charge.

(p) **"Interest Calculation Period"** means the Calculation Period indicated in the Charge.

(q) **"Interest Rate"** means the interest rate per annum expressed in words and/or numbers in the Charge, calculated at the end of each Interest Calculation Period, or such other rate as may be agreed to between the Lender and the Borrower. Where the rate set out in the Charge includes a reference to the Prime Rate, the Interest Rate in such instance shall vary as at the date of any change in the Prime Rate.

(r) ***"Land Registration Reform Act"*** means the *Land Registration Reform Act*, R.S.O. c.L.4, as amended or replaced from time to time.

(s) **"Lands"** means the entire right, title and interest of the Borrower in and to the lands and premises set out or referred to in the Charge, together with all benefits, easements, licenses, privileges and rights of way appertaining thereto or connected therewith, together with all buildings, erections and Fixtures now on or hereafter put upon such lands.

(t) **"Last Payment Date"** means the Last Payment Date indicated in the Charge.

(u) **"Lease"** or **"Leases"** includes a written or unwritten lease, sublease, agreement to lease, tenancy, licence, right of use or occupation, right of first refusal to lease, option to lease or licence, together with all renewals, extensions, modifications, replacements and assignments thereof.

(v) **"Leasehold Rents"** means all rents and other payments due or accruing due or at any time hereafter to become due and payable by the Borrower pursuant to Leases, including taxes, assessments, rates, costs or charges of whatever kind.

(w) **"Lender"** means HSBC Bank Canada, its successors and any person to whom the Charge is transferred.

(x) "***Mortgages Act***" means the *Mortgages Act*, R.S.O. 1990, c.M.40, as amended or replaced from time to time.

(y) "**Outstanding Principal Amount**" means the aggregate of the portion of the Principal Amount and any Additional Principal Amounts that are outstanding from time to time under the Charge.

(z) "**Payment Date**" or "**Payment Dates**" means the Payment Date indicated in the Charge or such other date or dates or day or days as may be agreed to between the parties.

(aa) "**Permitted Encumbrances**" means encumbrances registered against the Lands in priority to the Charge which the Lender has consented to in writing.

(bb) "**Place of Payment**" means the address for service of the Lender set out in the Charge, or such other place as the Lender may designate from time to time.

(cc) "**Prime Rate**" means the floating annual rate of interest established and announced as such from time to time by the Lender as a reference rate for determining interest rates it will charge on loans denominated in Canadian dollars in Canada.

(dd) "**Principal Amount**" means the Principal Amount indicated in the Charge.

(ee) "**Rents**" means all rents and other monies due or accruing due or at any time hereafter to become due pursuant to any Leases with respect to the Lands or any part thereof and the benefit of all guarantees of payment and all covenants to pay therein.

(ff) "**Reversion**" has the meaning given to it in section 14 of this set of standard charge terms.

(gg) "**Taxes**" means all taxes, duties, assessments and local improvement rates chargeable against the Lands and all penalties and interest payable in connection therewith.

(hh) "**Term**" means the period of time from the Interest Adjustment Date to the Balance Due Date, or such other period of time as may be agreed upon by the parties.

(ii) "**Unit**" has the meaning given to it in the *Condominium Act*.

(jj) "**Variable Rate Mortgage**" means a mortgage on which interest is payable at a floating rate of interest based on the Prime Rate plus the number of percentage points per annum, if any, as specified in the Charge.

2. CHARGE

For valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Borrower hereby charges the Lands with the payment to and in favour of the Lender of the Principal Amount, interest thereon and all other monies owing under the Charge and the performance of all covenants, agreements and obligations secured by the Charge upon the terms set out in the Charge.

3. INTEREST RATE

(a) Fixed Rate Mortgage

If the Charge is a Fixed Rate Mortgage, the rate of interest chargeable on the Outstanding Principal Amount and all other monies payable under the Charge shall be the Interest Rate, calculated half-yearly, not in advance, as well after as before maturity, default and judgment until payment in full.

(b) Variable Rate Mortgage

If the Charge is a Variable Rate Mortgage, the rate of interest chargeable on the Outstanding Principal Amount and all other monies payable under the Charge shall be the Interest Rate, calculated monthly, not in advance, as well after as before maturity, default and judgment until payment in full.

The Interest Rate will vary automatically, without notice to the Borrower, each time there is a change in the Prime Rate. The Interest Rate will always be the Prime Rate as adjusted by the number of percentage points per annum, if any, set out or referred to in the Charge, calculated monthly, not in advance.

In the event that it may be necessary at any time for the Lender to prove the Prime Rate applicable as at any time or times, a certificate in writing of an authorized employee of the Lender setting forth the Prime Rate as at any time or times shall be deemed to be *prima facie* evidence as to the Prime Rate at such time.

The Interest Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in section 9 of this set of standard charge terms. The Borrower may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

(c) Maximum Legal Interest Rate

If the Interest Rate would, except for this section 3, exceed the maximum rate permitted under the laws of Ontario or the laws of Canada having effect in Ontario, then the Interest Rate shall be such maximum rate.

4. REDEMPTION PROVISION

The provisions relating to defeasance contained in subsection 6(2) of the *Land Registration Reform Act* shall be and are hereby expressly excluded from the terms of the Charge.

Subject to section 7 of this set of standard charge terms, the Charge except for section 24 shall, on request from the Borrower to the Lender in writing, be void:

(a) on payment to the Lender of the Principal Amount plus interest thereon at the Interest Rate, as follows:

    (i) Interest at the Interest Rate on the Principal Amount advanced, computed from the date of such advance up to and including the Interest Adjustment Date shall become due and be paid on the Interest Adjustment Date. At the option of the Lender, interest so due and payable may be deducted from any such advance;

    (ii) Thereafter, the Principal Amount advanced, together with interest thereon at the Interest Rate, computed from the Interest Adjustment Date, shall become due and be paid by regular instalments in the Amount of Each Periodic Payment on each and every Payment Date from and including the First Payment Date, to and including the Last Payment Date, and the balance, if any, of the Principal Amount and interest thereon, shall become due and be paid on the Balance Due Date;

(b) on payment to the Lender of any Additional Principal Amounts with interest thereon at the Interest Rate at the times and in the manner agreed to by the Borrower and the Lender,

(c) on payment of all other monies owing by the Borrower under the Charge; and

(d) on the observance and performance of all covenants, provisos and conditions required to be observed or performed by the Borrower under the Charge.

5. WITHHOLDINGS FROM PAYMENTS

If the Borrower is required by law to make any deduction or withholding from any sum payable by the Borrower to the Lender under the Charge, then the sum payable by the Borrower shall be increased to the extent necessary to ensure that, after making such deduction or withholding, the Lender receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which the Lender would have received and so retained had no such deduction or withholding been made or required to be made; and the Borrower shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Lender within thirty (30) days after such payment a receipt issued by such authority evidencing such payment. Alternatively, the Lender, at its option, may agree to make such deduction and remit same to the relevant taxation or other authority on behalf of the Borrower. If the Lender remits amounts on behalf of the Borrower, the Borrower shall remain liable for all amounts owing to the relevant taxation or other authority and shall pay to the Lender, on demand, any additional amounts that may be payable to the taxation or other authority or shall provide evidence that the full amount has been paid to the taxation or other authority.

6. COMPOUND INTEREST

If default is made in payment of interest at any time appointed for payment thereof, interest shall be payable thereon and the sum in arrears for interest from time to time, as well after as before maturity or judgment, shall itself bear interest at the Interest Rate, and in case the interest and compound interest are not paid on the next Payment Date after the date of default, compound interest at the Interest Rate shall be payable on the aggregate amount then due, as well after as before maturity or judgment, and so on from time to time, and all such interest and compound interest shall be added to the monies secured by the Charge and form a charge on the Lands.

7. ADDITIONAL ADVANCES

Upon repayment to the Lender of the Principal Amount in whole or in part, the Borrower may from time to time, at the Lender's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for the Outstanding Principal Amount, interest and other monies from time to time owing by the Borrower to the Lender whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, provided that the Charge at any one time secures only that portion of the Outstanding Principal Amount not exceeding the Principal Amount, together with any interest or compound interest accrued on the Outstanding Principal Amount at the Interest Rate and other amounts secured hereby.

This Charge will be general and continuing security and is made to secure a current or running account. For greater certainty, the Charge shall not be deemed to have been redeemed by reason only that: (a) advances made under it are repaid; or (b) the account of the Borrower with the Lender ceases to be in debit.

Notwithstanding anything contained in the Charge, the Lender may, at its option and without notice to the Borrower, or at the Borrower's request, provide a discharge of the Charge at any time when there are no monies owing or liabilities outstanding to the Lender from the Borrower.

8. PREPAYMENT

The Borrower has no right to prepay all or any part of the Principal Amount except as otherwise agreed to between the Lender and the Borrower from time to time.

9. EQUIVALENT INTEREST RATES

The following table sets out interest rates calculated half-yearly, not in advance which are equivalent to interest rates calculated monthly, not in advance for a Variable Rate Mortgage. The equivalent rate table is for disclosure purposes of the *Interest Act* (Canada) and does not

affect the calculation of interest under a Variable Rate Mortgage. The Borrower may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATE TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
2.000	2.00835	14.500	14.94514
2.125	2.13443	14.625	15.07791
2.250	2.26057	14.750	15.21075
2.375	2.38678	14.875	15.34366
2.500	2.51306	15.000	15.47664
2.625	2.63940	15.125	15.60968
2.750	2.76580	15.250	15.74279
2.875	2.89228	15.375	15.87597
3.000	3.01881	15.500	16.00922
3.125	3.14542	15.625	16.14254
3.250	3.27208	15.750	16.27593
3.375	3.39882	15.875	16.40939
3.500	3.52562	16.000	16.54291
3.625	3.65249	16.125	16.67650
3.750	3.77942	16.250	16.81016
3.875	3.90642	16.375	16.94389
4.000	4.03348	16.500	17.07769
4.125	4.16061	16.625	17.21156
4.250	4.28781	16.750	17.34550
4.375	4.41507	16.875	17.47950
4.500	4.54240	17.000	17.61358
4.625	4.66979	17.125	17.74772
4.750	4.79725	17.250	17.88193
4.875	4.92478	17.375	18.01621
5.000	5.05237	17.500	18.15056
5.125	5.18003	17.625	18.28498
5.250	5.30776	17.750	18.41947
5.375	5.43555	17.875	18.55403
5.500	5.56341	18.000	18.68865
5.625	5.69133	18.125	18.82335
5.750	5.81932	18.250	18.95811
5.875	5.94738	18.375	19.09295
6.000	6.07550	18.500	19.27785
6.125	6.20369	18.625	19.36282
6.250	6.33195	18.750	19.49766
6.375	6.46027	18.825	19.63297
6.500	6.58866	19.000	19.76815
6.625	6.71711	19.125	19.90340
6.750	6.84564	19.250	20.03872
6.875	6.97423	19.375	20.17411
7.000	7.10288	19.500	20.30956
7.125	7.23160	19.625	20.44509
7.250	7.36039	19.750	20.58068
7.375	7.48925	19.875	20.71635
7.500	7.61817	20.000	20.85208
7.625	7.74716	20.125	20.98789
7.750	7.87621	20.250	21.12376
7.875	8.00534	20.375	21.25971
8.000	8.13452	20.500	21.39572
8.125	8.26378	20.625	21.53180

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
8.250	8.39310	20.750	21.66796
8.375	8.52249	20.875	21.80418
8.500	8.65195	21.000	21.94047
8.625	8.78147	21.125	22.07683
8.750	8.91106	21.250	22.21326
8.875	9.04072	21.375	22.34977
9.000	9.17045	21.500	22.48634
9.125	9.30024	21.625	22.62298
9.250	9.43010	21.750	22.75969
9.375	9.56002	21.875	22.89647
9.500	9.69002	22.000	23.03332
9.625	9.82008	22.125	23.17024
9.750	9.95021	22.250	23.30724
9.875	10.08040	22.375	23.44430
10.000	10.21066	22.500	23.58143
10.125	10.34099	22.625	23.71863
10.250	10.47139	22.750	23.85590
10.375	10.60185	22.875	23.99324
10.500	10.73238	23.000	24.13066
10.625	10.86298	23.125	24.26814
10.750	10.99365	23.250	24.40569
10.875	11.12438	23.375	24.54331
11.000	11.25519	23.500	24.68101
11.125	11.38605	23.625	24.81877
11.250	11.51699	23.750	24.95660
11.375	11.64800	23.875	25.09451
11.500	11.77909	24.000	25.23248
11.625	11.91021	24.125	25.37053
11.750	12.04141	24.250	25.50865
11.875	12.17269	24.375	25.64683
12.000	12.30403	24.500	25.78509
12.125	12.43544	24.625	25.92342
12.250	12.56692	24.750	26.06181
12.375	12.69846	24.875	26.20028
12.500	12.83008	25.000	26.33882
12.625	12.96176	25.125	26.47743
12.750	13.09351	25.250	26.61611
12.875	13.22533	25.375	26.75486
13.000	13.35721	25.500	26.89369
13.125	13.48916	25.625	27.03258
13.250	13.62118	25.750	27.17154
13.375	13.75327	25.875	27.31058
13.500	13.88543	26.000	27.44969
13.625	14.01766	26.125	27.58886
13.750	14.14995	26.250	27.72811
13.875	14.28231	26.375	27.86743
14.000	14.41474	26.500	28.00682
14.125	14.54724	26.625	28.14628
14.250	14.67981	26.750	28.28581
14.375	14.81244	26.875	28.42541

10. TAXES

The Borrower shall pay or cause to be paid all Taxes as they fall due and shall provide the Lender with receipts confirming such payment within thirty (30) days after they become due. If the Borrower fails to make such payments, as required in this section 10, the Lender shall be entitled but shall not be obliged to make those payments and the amounts thereof shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

The Borrower shall provide to the Lender the assessment notices, tax bills and other notices effecting the imposition of Taxes immediately upon receipt by the Borrower.

11. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(1) of the *Land Registration Reform Act* shall be and are hereby expressly excluded from the terms of the Charge.

12. BORROWER'S COVENANTS

The Borrower covenants with the Lender that:

(a) the Borrower will pay in the manner provided in the Charge, the Outstanding Principal Amount, interest at the Interest Rate and Taxes;

(b) if the Charge is a mortgage of a fee simple estate, the Borrower has a good title in fee simple to the Lands;

(c) the Borrower has the right to give the Charge to the Lender;

(d) if the Borrower is in default, the Lender shall have possession of the Lands free from all encumbrances other than Permitted Encumbrances;

(e) the Borrower will execute such further assurances of the Lands as may be required by the Lender;

(f) the Borrower has not done, omitted or permitted anything whereby the Lands are or may be encumbered other than Permitted Encumbrances;

(g) the Borrower releases to the Lender all his, her or its claims on the Lands subject to the redemption provision set out in Section 4 of this set of standard charge terms; and

(h) provided that until default, the Borrower shall have quiet possession of the Lands.

13. INSURANCE

The Borrower shall immediately insure and keep insured in favour of the Lender against loss or damage by fire and other insurable risks, hazards and perils which the Lender may require, including risks and perils covered by an "all risks" policy, for the full insurable value in lawful money of Canada on a replacement cost basis, each and every building on the Lands and which may hereafter be constructed thereon, both during construction and thereafter and all Fixtures, and all other risks, hazards and perils of any nature or kind which the Lender may require depending on the nature of the Lands or the use thereof, with an insurance company duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose when due. Each policy of insurance shall provide that any loss shall be payable to the Lender in priority to every person, subject to an Insurance Bureau of Canada approved standard mortgage clause or other mortgage clause acceptable to the Lender, and shall contain an undertaking by the insurer to notify the Lender in writing, not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof.

The Borrower has delivered to the Lender a copy of the policy or policies evidencing the insurance and any receipts for the premiums thereon and will provide to the Lender, at least fifteen (15) days prior to the expiry of a policy or at least five (5) days prior to the termination or cancellation of any policy, evidence of renewal or replacement of the policy.

If the Borrower is in breach of any of the covenants in this section 13, the Lender shall be entitled but shall not be obliged to obtain insurance for the Lands or any part thereof, with no duty to account for the proceeds thereof, and if the Lender pays any premiums or sums for such purpose the amount of such payment shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

If all or any part of the Lands are damaged or destroyed, the Borrower shall immediately furnish at the Borrower's own expense all necessary proofs of claim and do all necessary acts to enable the Lender to obtain payment of the insurance monies. The production of a copy of the Charge shall be sufficient authority for any insurance company to pay any such loss to the Lender or to accept instructions from the Lender dealing with the loss.

Any insurance monies received may, at the option of the Lender and in such amounts as it elects, be applied in rebuilding, reinstating or repairing the Lands, be applied to such portion of principal, interest, or other monies secured by the Charge whether due or not, or be paid to the Borrower or any other person appearing by the registered title to be or to have been the owner of the Lands. No damage may be repaired nor any reconstruction effected by the Borrower without the prior written approval of the Lender.

If all or any part of the Lands is or becomes a Unit, the Borrower shall, or shall cause the Condominium Corporation, to observe and perform all covenants required to be observed and performed by the Borrower in this section 13, and shall:

(a) immediately on the happening of any loss or damage to the Lands, comply fully with the terms of the policy or policies of insurance and, without limiting the generality of the obligation of the Borrower under section 40 of this set of standard charge terms, with the insurance provisions relating to the condominium building of which the Lands form a part;

(b) cause any insurance monies to be made payable to the Condominium Corporation or, if any insurance trustees are designated by the bylaws, to named insurance trustees, and to be made payable firstly to the Lender in the event that the Condominium Corporation resolves not to repair or replace the damaged Unit, buildings, common property, common facilities and other insurable improvements in respect thereof as provided in the *Condominium Act*;

(c) cause all applicable policies of insurance to contain an Insurance Bureau of Canada approved standard mortgage clause or other mortgage clause acceptable to the Lender to be effective in the event that the Condominium Corporation resolves not to repair or replace the damaged Unit, buildings, common property, common facilities and insurable improvements in respect thereof; and

(d) if, in the reasonable opinion of the Lender, the insurance carried by the Condominium Corporation is deemed inadequate, at the Lender's request, carry a separate policy of insurance on each Unit forming part of the Lands at the Borrower's own cost.

14. LEASEHOLD PROVISIONS

If the interest of the Borrower in all or any part of the Lands derives from a Lease or Leases, then the following additional provisions apply with respect to such interest and to each Lease:

(a) The Borrower hereby grants, mortgages, demises, subleases and charges to the Lender all estate, term, right, title and interest of the Borrower in and to the Lease and the Lands together with any and all other, further or additional estate, term, right, title and interest therein or any part thereof acquired by the Borrower and all benefit and advantage therefrom including any right or option to purchase or to lease, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "**Reversion**"), as security for the payment to the Lender of the Principal Amount, interest thereon and all other monies owing under the Charge and the performance of all covenants, agreements and obligations secured by the Charge upon the terms set out in the Charge.

(b) If the Lease requires the consent of the lessor under the Lease to the mortgage, demise, sublease and charge created by the Charge, such mortgage, demise, sublease and charge shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of the Charge have been obtained or have become unnecessary, and the Borrower shall immediately obtain and provide to the Lender all such consents.

(c) The Borrower represents and warrants to the Lender as follows:

- (i) the Borrower has good leasehold title to the Lands free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Lender;
- (ii) the Lease is, at the time of registration of the Charge, a good, valid and subsisting Lease and has not been surrendered or forfeited or become void or voidable and the Borrower has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;
- (iii) there have been no modifications to the Lease that have not been provided to the Lender;
- (iv) the Leasehold Rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Borrower up to the date of the Charge;
- (v) the Borrower has a good right, full power and lawful and absolute authority to mortgage, demise, sublease and charge the Lease to the Lender in the manner aforesaid and has obtained the consent of the lessor under the Lease to the Charge to the extent required under the Lease.

(d) The Borrower shall stand possessed of the Reversion in trust for the Lender to assign and dispose of the Reversion or any renewal or substituted term of the Lease in such manner as the Lender may direct (subject to the right of redemption in the Charge).

(e) The Borrower shall pay the Leasehold Rents and shall observe and perform all covenants contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Borrower shall indemnify the Lender against all actions, claims and demands whatsoever in respect of the Leasehold Rents and anything relating to the Lease.

(f) The Borrower shall not transfer, assign, sublease, surrender or terminate the Lease or any of the Borrower's rights or interest in the Lease except as provided in the Charge.

(g) The Borrower shall not alter the Lease or permit any amendment of the terms of the Lease without the prior written consent of the Lender.

(h) The Borrower shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and, subject to any contrary directions from the Lender, shall exercise any such options or rights so as to maintain or continue the term of the Lease.

(i) Any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Lender to demand repayment of all monies secured by the Charge with accrued interest thereon.

(j) If the Borrower becomes the owner of the freehold of the lands and premises demised by the Lease, the Charge shall increase to be a mortgage of the freehold interest in such lands and premises to the same extent and effect as if the Borrower had been the owner of the freehold, free from encumbrances, at the date of the Charge. For the purpose of giving effect to the foregoing, the Borrower does hereby grant, mortgage and charge the freehold interest in the Lands and premises demised by the Lease to and in favour of the Lender, such grant, mortgage and charge to take effect upon the Borrower acquiring freehold title to such lands and premises.

(k) The Borrower shall immediately notify the Lender of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor.

(l) In the event of any default under the Lease, the Lender shall, at its option but without incurring any liability to do so, be entitled to pay such Leasehold Rents or observe or perform such covenant, and all monies expended by the Lender in so doing shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Borrower's leasehold interest in the Lands.

(m) The Borrower hereby irrevocably appoints the Lender to be the attorney of the Borrower during the continuance of the Charge to assign the term of the Lease as the Lender may at any time direct, to enforce any covenants of the lessor under the Lease, to exercise any options to renew the Lease in the Lender's discretion and to execute any other document or do any other act or thing which the Lender is permitted or the Borrower is permitted or required to do under the provisions of the Lease.

(n) Any reference in the Charge to any charges payable in respect of the Lands shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Borrower under the Lease.

(o) No action taken by the Lender pursuant to this section 14 will make the Lender a mortgagee in possession.

15. LIENS AND CONSTRUCTION

The Borrower shall not permit any lien to be registered against the Lands or any part thereof under the *Construction Lien Act*, or under any other statute or law. In the event that a lien is registered against the Lands or any part thereof, the Lender may, but shall not be obliged to, pay into court such amounts as may be required to remove such lien from title to the Lands. Any monies so paid by the Lender, together with all costs, charges, and expenses incurred by the Lender in connection therewith, (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis), shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

If the Charge relates to construction on the Lands, the Borrower shall establish, maintain and operate at all relevant times a holdback account or accounts in the manner required by the *Construction Lien Act* and provide to the Lender any information relating to such holdback accounts as the Lender may from time to time request. The Borrower shall use any funds in the holdback account only as permitted by the *Construction Lien Act* and shall not disburse funds from the holdback accounts until the expiry of all applicable lien filing periods. The Lender may require any part of the Principal Amount to be deposited in any such holdback accounts at such times and in such amounts as the Lender in its sole discretion may determine.

In no case are unadvanced portions of the Principal Amount to be considered by the Borrower or any other person to be a holdback under the *Construction Lien Act*. For greater certainty, the Lender will not maintain any holdback accounts.

The Borrower and Covenantor irrevocably consent to the disclosure of information pursuant to the *Construction Lien Act* by the Lender to any person that purports to be entitled to request information under the *Construction Lien Act*.

If this is a CMHC-insured Mortgage, the Borrower covenants and agrees with the Lender to construct a building or buildings and other improvements on the Lands in accordance with the plans and specifications that have been or are hereafter approved by CMHC and by the Lender and to carry on diligently to complete the construction of the said building, buildings and other improvements.

16. WASTE, VACANCY AND REPAIR

The Borrower shall not commit or permit waste on the Lands and shall maintain or cause to be maintained the buildings and Fixtures on the Lands in good order and repair to the satisfaction of the Lender and shall not permit any such buildings to be or become vacant.

The Lender may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary to complete the construction or reconstruction of any building on the Lands, and the costs, charges and expenses incurred by the Lender in connection therewith shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands. No action taken by the Lender pursuant to this section 16 will make the Lender a mortgagee in possession.

17. INSPECTION

The Lender, its agent, or where applicable, CMHC, or its agent, may, at any time, and for any purpose deemed necessary by the Lender or CMHC enter upon the Lands to conduct any investigations, audits and inspections of or with respect to the Lands, including but not limited to environmental testing, site assessment, investigation or study, and the costs, charges and expenses incurred in connection therewith shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands. No action taken by the Lender or CMHC or their agents pursuant to this section 17 will make any of them a mortgagee in possession.

18. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Lender incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act,* R.S.O., c. 0.31, as amended (the "**ONHWPA**"), including, without limitation, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Lands or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

19. PROHIBITION AGAINST RENTAL

(a) When used in the Charge, "**Tenant**" shall have the meaning set out in Section 1 of the *Tenant Protection Act,* 1997, S.O. 1997, c. 24, as amended;

(b) The Borrower represents, warrants, covenants and agrees that no part of the Lands is rented or occupied by a Tenant and further covenants and agrees not to rent, lease, enter into a tenancy agreement of or allow occupancy by a Tenant of the whole or any part of the Lands (any of the above being referred to as "**Renting**") without first obtaining the consent in writing of the Lender which consent may be refused at the sole discretion of the Lender; further the Borrower covenants and agrees not to enter into any negotiations with respect to Renting without the prior consent in writing of the Lender, which consent may be refused, restricted or made conditional at the sole discretion of the Lender; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Borrower covenants and agrees to abide by such restrictions or conditions;

(c) The Borrower represents, warrants, covenants and agrees not to permit the Lands or any part thereof to be used in a rental pool, time-share or short term rental program without first obtaining the consent in writing of the Lender, which consent may be refused at the sole discretion of the Lender;

(d) The Renting of the whole or any part of the Lands without the prior written consent of the Lender shall be deemed to have been done with the object of discouraging the Lender from taking possession of the Lands on default or adversely affecting the value of the Lender's interest in the Lands within the meaning of Section 52(1) of the *Mortgages Act*;

(e) In the event that any of the covenants contained in this section shall be breached then, at the option of the Lender, all monies hereby secured with accrued interest thereon shall forthwith become due and payable;

(f) If the whole or any part of the Lands is rented to a Tenant with or without the written consent of the Lender, at such time as the Lender is entitled to enforce its rights under the Charge by reason of default of the Borrower, the Lender may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the co-operation of such Tenant in selling the Lands, showing the Lands and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on this security and the amount so paid shall be added to the debt hereby secured and be a charge on the Lands and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Lands prior to all claims thereon registered or arising subsequent to the Charge and shall be payable forthwith by the Borrower to the Lender; the Borrower hereby irrevocably appoints the Lender to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Borrower with respect to all or any part of the Lands and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Borrower which it, as Lender, may consider desirable.

20. FAMILY LAW ACT

The Borrower covenants and agrees that:

(a) the Borrower or the owner from time to time of the Lands will advise and keep advised the Lender as to whether the Borrower or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F.3, as amended (the "**Family Law Act**"), and if so, the name of the Borrower's spouse, and of any change in the Borrower's spousal status or in the status of the Lands as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Borrower will furnish the Lender with such evidence in connection with any of the matters referred to in clause (a) above as the Lender may from time to time require, including, without limitation, the Borrower's and the Borrower's spouse's name, address and birth date and the Borrower's and the Borrower's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c.V.4, as amended, to provide the Lender from to time on request all information in its possession relative to any marriage, divorce or death of the Borrower or the Borrower's spouse, and on default in providing such evidence and authorization all monies secured by the Charge with accrued interest thereon shall, at the option of the Lender, immediately become due and payable.

21. DUE ON SALE

In the event that:

(a) the Lands or any part thereof or any interest therein is sold, conveyed, transferred, assigned, or otherwise disposed of, or the Borrower enters into any agreement to effect any of the foregoing to any person, without the Lender's prior written approval, or

(b) an approved purchaser, grantee, transferee or assignee of the title of the Lands should fail to (i) personally assume all of the obligations of the Borrower under the Charge, (ii) execute an assumption agreement in the form required by the Lender, and (iii) comply with all other conditions of approval,

then at the option of the Lender all monies secured by the Charge with accrued interest thereon shall immediately become due and payable.

22. CHANGE IN CORPORATE CONTROL OR REMOVAL OF TRUSTEE

If without the prior written consent of the Lender, which consent may be refused at the sole discretion of the Lender,

(a) in the case where the Borrower is a corporation, there is a change in the persons having effective voting control of the Borrower or the Borrower enters into an amalgamation, a merger or similar arrangement; or

(b) in the case where the Borrower holds title to the Lands as trustee of a trust, the Borrower resigns or is removed or otherwise no longer acts as trustee of such trust,

all monies secured by the Charge with accrued interest thereon shall, at the option of the Lender, immediately become due and payable.

23. COMPLIANCE WITH THE LAW

The Borrower shall at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, bylaws, ordinances, work orders and regulations of every governmental or administrative authority or agency and all permits, licenses and approvals issued thereunder whether federal, provincial, municipal or otherwise, including, without limitation those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, contaminated wastes, or hazardous or toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Lands or any part thereof.

The Borrower shall from time to time, upon request of the Lender, provide to the Lender evidence of such observance and compliance and shall, at the Borrower's own expense, make any and all improvements or alterations to the Lands, structural or otherwise, and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation. The Borrower shall immediately report to the Lender any non-compliance thereunder involving the Lands.

If the Borrower fails to comply with any such law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation, the Lender shall be entitled but shall not be obliged to take such actions and incur such costs and expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) to effect such compliance and the amounts thereof shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

24. ENVIRONMENTAL COMPLIANCE

To the best of the Borrower's knowledge after due and diligent inquiry, no contaminants, wastes, hazardous or toxic materials are being stored in, on, or about the Lands nor have any contaminants, wastes, hazardous or toxic materials been stored or used in, on, or about the Lands prior to the Borrower's ownership, possession or control of the Lands. The Borrower agrees to provide written notice to the Lender immediately upon the Borrower becoming aware that the Lands are being or have been contaminated with any contaminants, wastes, hazardous or toxic materials. The Borrower will not permit any activities on the Lands which directly or indirectly could result in the Lands being contaminated with contaminants, wastes, hazardous or toxic materials. The representations and warranties contained in this section 24 shall survive and remain in full force and effect notwithstanding any independent inspections, investigations and assessments which the Lender may conduct or cause to be conducted with respect to the Lands.

The Borrower shall pay immediately when due the cost of removal of any contaminants, wastes, or hazardous or toxic materials in, on, or about the Lands.

The Borrower shall indemnify and hold harmless the Lender and its directors, officers, employees and agents from and against all loss, cost, damage or expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) incurred in the investigation, defence and settlement of any claim due to the Borrower's failure to comply with any statutory regulation, order, bylaw, direction or equivalent relating to the protection of the environment, or due to the presence of any contaminant, waste or hazardous or toxic material in, on, or about the Lands, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Lands.

25. MONIES DUE ON DEFAULT

The Outstanding Principal Amount together with accrued interest thereon and any other monies secured by the Charge remaining unpaid shall, at the option of the Lender, immediately become due and payable upon the occurrence of any one of the following events (each, a "**default**"):

(a) if any payment of any principal, interest or any other monies payable under the Charge by the Borrower or any part thereof is not paid when due;

(b) if the Borrower makes any false statement to the Lender in any loan agreement relating to the Charge, the Charge or in the application for the Charge;

(c) if the Borrower commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Borrower, or any authorized assignment for the benefit of creditors is made by the Borrower, or if a receiver or trustee for the Borrower or for any of the assets of the Borrower is appointed;

(d) if all or any part of the Lands are expropriated under the provisions of any law of Canada or any province thereof;

(e) if any act or thing is done by any person by which the value of the Lands, in the opinion of the Lender, diminishes;

(f) if the Borrower further encumbers the Lands without the express written consent of the Lender;

(g) if the Borrower sells, grants an option to purchase, leases, conveys or transfers title to all or part of the Lands, or agrees to do any of the foregoing, without the express written consent of the Lender;

(h) if all or any part of the Lands are used for an illegal purpose by any person, or if any illegal business is conducted in, on or about the Lands, or if equipment believed by the Lender to be related to an illegal business is installed in, on or about the Lands;

(i) if the Borrower is in default under any term, covenant, agreement, proviso or condition contained in any other mortgage, security agreement or other agreement to which the Borrower and the Lender are parties, even though the Borrower is not in default under any term, covenant, agreement, proviso or condition contained in the Charge;

(j) if the Borrower is in default in the observance or performance of any of the covenants, agreements, provisos or conditions contained in any mortgage, charge or other encumbrance to which the Charge is subject or subordinate including Permitted Encumbrances;

(k) upon the registration of any lien or judgment against the Lands or any part thereof, or if any buildings being constructed thereon being allowed to remain unfinished or without any work being done on them for a period of thirty (30) consecutive days;

(l) if the Borrower is in default under any term, covenant, agreement, proviso or condition contained in any security collateral to the Charge or in any agreement entered into relating to or in connection with the Charge; or

(m) if the Borrower is in breach of any other term, covenant, agreement, proviso or condition contained in the Charge, which breach is not rectified within ten (10) days of notice thereof to the Borrower.

The Lender may exercise its rights and remedies hereunder immediately upon default, and the Borrower hereby confirms that, except as may be expressly otherwise provided in the Charge, the Lender has not given any covenant, express or implied, and is under no obligation to allow the Borrower any period of time to remedy any default prior to the Lender exercising its rights and remedies under the Charge.

26. LENDER'S REMEDIES

On default by the Borrower under the Charge, the Lender may, at its option and in any order that it chooses, exercise any one or more of the following remedies:

(a) demand payment of the Outstanding Principal Amount together with accrued interest thereon and any other monies secured by the Charge;

(b) sue the Borrower, the Covenantor or any other person liable for payment of the monies secured by the Charge, for repayment of the Outstanding Principal Amount together with accrued interest thereon and any other monies secured by the Charge;

(c) take any and all legal steps and court proceedings which the Lender in its absolute discretion deems necessary to compel the Borrower to observe and perform the covenants and agreements hereunder;

(d) enter into possession of the Lands and take the rents, issues and profits and, whether in or out of possession, make such Lease or Leases as it shall think fit;

(e) on fifteen days' default, the Lender may, after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, sell or lease the Lands or any part or parts thereof;

(f) the following provisions shall apply, where applicable, with respect to the sale or lease of the Lands by the Lender:

  (i) notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on some portion of the Lands, if unoccupied, or at the option of the Lender, by mailing it by registered mail addressed to the Borrower at the Borrower's last known address;

  (ii) such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability;

  (iii) sale of the Lands or any part or parts thereof may be by public auction or private contract, or partly the one and partly the other, and the Lender may convey and assure the same when so sold to the purchaser or purchasers thereof as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid;

  (iv) the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering, keeping possession of, leasing or selling the Lands or by reason of non-payment or procuring payment of monies, secured hereby or otherwise; and the Lender may sell all or any part of the Lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such price as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it may deem proper,

(v) the Lender may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for any loss occasioned thereby

(vi) in the case of a sale on credit or part for cash and part for credit, the Lender shall be bound to pay the Borrower only such monies as have been actually received from purchasers after the satisfaction of the claims of the Lender and for any of said purposes may make and execute all agreements and assurances as it shall think fit;

(vii) any purchaser or tenant shall not be bound to enquire into the legality, propriety or regularity of any sale or lease or be affected by notice of any impropriety or irregularity, expressed or otherwise, or that any sale or lease is improper and no want of notice or publication if required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or tenant upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been unauthorized, or improperly or irregularly exercised, or that such notice had not been given in compliance with the *Mortgages Act*, or had been given improperly, and any person suffering damages by an unauthorized, improper, or irregular exercise of the power shall have his remedy, if any, against the person exercising the power in damages only;

(viii) the Lender may sell Fixtures, machinery, crops and standing or fallen trees apart from the Lands, and the purchaser as well as the Lender shall have all necessary access for securing, cutting and removal;

(ix) it is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Lender in the Charge contained or existing at law by virtue thereof;

(x) until such sale or sales are made, the Lender shall stand possessed of the Rents and profits of the Lands if the Lender takes possession of them on default and after such sale or sales shall stand possessed of the proceeds from such sales, in trust upon payment of, firstly, all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly, all costs, charges, damages and expenses of the Lender relating to Taxes, prior charges, if any, Leasehold Rents, insurance premiums, repairs, utilities and any other monies which the Lender may have paid relating to the Lands, thirdly, all interest and costs then due in respect of the Charge, fourthly, the Outstanding Principal Amount, fifthly, amounts owing to subsequent encumbrancers, if any, and the residue, shall be paid to the Borrower as the Borrower may direct; and

(xi) the Lender shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default;

(g) distrain upon any goods upon the Lands and by distress warrant to recover by way of rent reserved as in the case of a demise of the Lands as much of the principal, interest or other monies secured by the Charge as shall from time to time be in arrears, together with all costs, charges and expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) related to such distress as in like cases of distress for rent; and the Borrower hereby waives, on the exercise of such right and license, all rights to exemption from seizure and distress under any law whatsoever;

(h) without notice to or the concurrence of any person, enter on the Lands and without limiting the generality of the foregoing, make such arrangements for completing the construction of, repairing or putting in order any buildings or Fixtures on the Lands, or for inspecting, taking care of, leasing, collecting the Rents of, and generally managing the Lands as the Lender may deem expedient and no action taken by the Lender pursuant to this section 26(h) will make the Lender a mortgagee in possession;

(i) appoint a receiver (which term as used herein includes a receiver manager) of the Lands, or any part thereof, in accordance with section 42;

(j) take any and all legal steps and court proceedings to realize on the security created by the Charge, including applying to a court of competent jurisdiction for an order foreclosing the fee interest or equity of redemption of the Borrower in the Lands or an order that the Lands be sold on terms approved by such court; and

(k) take any and all other legal steps and court proceedings available to a mortgagee at law and in equity.

27. APPLICATION OF PAYMENTS ON DEFAULT

On default by the Borrower, the Lender may apply any payments received during the period of default in whatever order and amounts it may elect as between principal, interest, Taxes, insurance premiums, repairs, or other monies payable by the Borrower under the Charge.

28. NON-MERGER

The taking of a judgment or judgments on any covenants contained in the Charge shall not operate as a merger of such covenants or affect the right of the Lender to interest at the Interest Rate; and any such judgment shall provide that interest thereon shall be computed at the Interest Rate and in the same manner as provided in the Charge until such judgment has been fully paid and satisfied.

29. OBLIGATIONS SURVIVE SALE

No sale or other dealing by the Borrower with the Lands or any part thereof shall in any way change the liability of the Borrower, the Covenantor or any other person liable for the payment of the monies secured by the Charge or in any way alter the rights of the Lender as against the Borrower, the Covenantor, or any other person liable for the payment of the monies secured by the Charge.

30. ADVANCES

Notwithstanding the preparation and execution of any approval of or application for the Charge, any loan agreement or the Charge or the registration of the Charge or Borrower's authorization of registration of the Charge, as the case may be, or the advance of all or any part of the Principal Amount, the Lender is not bound to advance the Principal Amount or any unadvanced portion thereof, and all advances are to be made in such manner, at such times, and in such amounts up to the Principal Amount as the Lender in its sole discretion may determine, but nevertheless the Charge shall take effect upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation shall be payable immediately by the Borrower, be added to the monies secured by the Charge, shall bear interest at the Interest Rate and form a charge on the Lands in priority to all other encumbrances arising subsequent to the Charge.

31. PARTIAL RELEASE

The Lender may at all times release any part or parts of the Lands or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Borrower or Covenantor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Lender, and without thereby releasing any other part of the Lands, or any other security or covenants in the Charge or elsewhere contained. Notwithstanding any such release the Lands, security and covenants remaining unreleased shall remain a charge for all the monies secured by the Charge.

32. ENCUMBRANCES AND COSTS

The Borrower shall pay and discharge, or cause to be paid and discharged, all encumbrances, liens or charges now or hereafter existing or to arise or to be claimed upon the Lands or any part thereof, having or claiming priority over the Charge. If the Borrower fails to do so, the Lender may pay the amount required to discharge any such encumbrance, lien or charge, including any Taxes, utility charges or other rates on the Lands, liens or any amounts payable to the Condominium Corporation.

In the event of the Lender paying the amount of any such encumbrance, lien or charge, either out of the monies advanced on the security of the Charge or otherwise, the Lender shall be subrogated to and entitled to all the rights, equities and securities of the person, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for so long as the Lender deems it proper to do so.

33. EXTENSIONS

No extension of time given by the Lender to the Borrower, or anyone claiming under the Borrower, or any other dealing with the owner of the equity of redemption of the Lands shall in any way affect or prejudice the rights of the Lender against the Borrower, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

34. DISCHARGE

The Lender shall have a reasonable time after request by the Borrower and payment in full of all monies secured by the Charge within which to prepare and sign a discharge or, if requested by the Borrower and consented to by the Lender, an assignment of the Charge. Interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Lender. The Borrower will pay the Lender's usual administrative fee, if applicable, for preparing and signing a discharge or assignment and all other legal and other expenses, whether the discharge or assignment is prepared by the Lender, the Borrower or any other person. It is the Borrower's responsibility to register the discharge or assignment on title and to pay the registration fee. If electronic registration is available for the Charge, the Lender may register the discharge or assignment on the Borrower's behalf and at the Borrower's expense and will provide either the Borrower or the Borrower's solicitor with confirmation of registration. The indemnity contained in section 24 shall continue notwithstanding a discharge of the Charge.

35. OTHER SECURITY

This Charge is in addition to and not in substitution for any other security held by the Lender including, without limitation, any promissory note or notes for all or any part of the monies secured under the Charge, and the Lender may pursue its remedies thereunder or under the Charge concurrently or successively at its option and in such order as the Lender determines in its sole discretion. Any judgment or recovery under the Charge or under any other security held by the Lender for, among other things, the monies secured by the Charge shall not affect the right of the Lender to realize upon this or any other security. The Borrower shall comply with the terms and provisions of any other or collateral security held by the Lender in connection with the Charge.

36. PLACE OF PAYMENT

All payments secured by the Charge shall be made in the lawful money of Canada prior to 4:00 p.m. at the Place of Payment or as otherwise agreed to by the Lender. Any payments made after 4:00 p.m. shall be credited as being paid on the next day that the Lender is open for business.

37. SPOUSE'S CONSENT

The spouse of the Borrower named in the Charge consents to the transaction evidenced by the Charge and releases all interest in the Lands to the extent necessary to give effect to the rights of the Lender under the Charge, and agrees that the Lender may, without further notice, deal with the Lands and the charge created by the Charge as the Lender may see fit.

38. SEVERABILITY OF ANY INVALID PROVISIONS

If at any time any provision of the Charge in whole or in part is declared or held illegal, invalid or unenforceable under, or inconsistent with any applicable law or would by reason of any such law render the Lender unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid, unenforceable or inconsistent or would so render the Lender unable to collect the amount of any such loss, and the Charge will continue in full force and effect and be construed as if it had been given without such illegal, invalid, unenforceable or inconsistent provision.

39. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

No failure to enforce at any time or from time to time any of the rights of the Lender under the Charge shall prejudice such rights or any other rights of the Lender against the Borrower, the Covenantor or any other person liable for payment of the monies secured by the Charge; no performance or payment by the Lender in respect of any breach or default under the Charge by the Borrower shall relieve the Borrower from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Lender shall prejudice such rights in the event of any future default or breach.

40. CONDOMINIUMS

If the Lands or any part thereof are or becomes one or more Units in a condominium, the following provisions apply:

(a) The Borrower shall at all times and from time to time observe and perform all duties and obligations imposed on the Borrower by the *Condominium Act* and by the Declaration, and any bylaws, rules and regulations, as amended from time to time, of the Condominium Corporation. Any breach of such duties and obligations shall constitute default under the Charge, entitling the Lender to demand repayment of all monies secured by the Charge with accrued interest thereon.

(b) Without limiting the generality of the foregoing, the Borrower shall pay when due any contribution to common expenses required of the Borrower as an owner of the Lands and assessments and any other amounts levied by the Condominium Corporation in respect of the Lands. In the event of the Borrower failing to do so, the Lender, at its option, may make any and all such payments on behalf of the Borrower, and any monies so paid shall be payable immediately, shall be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

(c) The Borrower hereby irrevocably assigns to the Lender all of the Borrower's rights under the *Condominium Act*, the Declaration and any bylaws, rules and regulations, as amended from time to time, of the Condominium Corporation.

(d) The Borrower irrevocably authorizes and empowers the Lender to exercise the right of the Borrower as an owner of the Lands to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

 (i) the Lender may at any time or from time to time give notice in writing to the Borrower and the Condominium Corporation that the Lender does not intend to exercise the right to vote or consent and in that event until the Lender revokes the notice the Borrower may exercise the right to vote or consent. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

 (ii) the Lender shall not by virtue of the assignment to the Lender of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Borrower.

(e) At the Lender's request, the Borrower shall deliver to the Lender such proxies or other instruments as may be considered requisite by the Lender to confer such power of voting upon the Lender.

(f) The Borrower hereby irrevocably authorizes the Lender as the authorized agent of the Borrower at any time, and from time to time, to apply to the Condominium Corporation for copies of bylaws, financial statements, notices, minutes, information relating to levies and assessments and any other information or certificates available under the *Condominium Act* related to the Lands.

(g) The Borrower covenants and agrees to advise the Condominium Corporation to send all notices which would be sent to the Borrower by the Condominium Corporation to the Lender and to notify the Lender of any breaches by the Condominium Corporation that come to the attention of the Borrower in order that the Lender is kept fully informed.

(h) No action taken by the Lender under this section 40 will make the Lender a mortgagee in possession.

41. RENEWAL, CONVERSION AND MODIFICATION

Notwithstanding the terms and conditions contained in the Charge, the Charge may be subject to collateral agreements between the Lender and the Borrower with respect to the frequency of payments both before and after default and the fluctuation of the Interest Rate. In addition, the Charge may be amended, renewed or extended as the Lender and the Borrower may agree from time to time. Such amendments, renewals or extensions may result in an increase in the Interest Rate beyond the rate per annum set out in the Charge. Such amendments, renewals or extensions may, but need not be, registered against the Lands and whether or not so registered, the Charge, as so modified, shall rank in priority to any and all interests registered against the Lands subsequent to the registration of the Charge as if and to the extent that such modification had been executed and registered, and all monies thereunder advanced, before the execution and registration of any subsequent interests. For the purpose of Section 72(1) of the *Land Titles Act*, R.S.O. 1990, c.L.5 this section 41 shall be notice of the Charge and the contents hereof to every person dealing with the title to the Lands.

Notwithstanding the foregoing, if a renewal agreement in respect of the Charge is sent by the Lender to the Borrower but the Borrower does not sign and return it to the Lender by the Balance Due Date, the Charge, at the Lender's option, will renew on the terms provided in such renewal agreement. Any changes to the interest rate, amortization period, Term, payment instalments, payment dates or any other terms shall not reduce or lessen the rights of the Lender against the Borrower, Covenantor or any other persons liable for the payment of monies secured by the Charge notwithstanding that such person may not have signed or be a party to such agreement. The Borrower, Covenantor or any other persons liable for the payment of monies secured by the Charge agree to be bound by any such agreement, whether oral or in writing, to amend, renew or extend the Charge.

Nothing contained in this section 41 shall confer any right of renewal or extension upon the Borrower.

42. RECEIVERSHIP

When the Borrower is in default under the Charge, the Lender may, with or without entry into possession of the Lands, or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of any person, as a receiver (which term as used herein includes a receiver manager) of the Lands, or any part thereof, and of the Rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, by similar writing remove any receiver and appoint another receiver, and that in making any such appointment or removal, the Lender shall be deemed to be acting as the agent or attorney for the Borrower, but no such appointment shall be revocable by the Borrower. Upon the appointment of any such receiver the following provisions apply:

(a) The receiver shall have unlimited access to the Lands (which right of access shall not be revocable by the Borrower) and shall have full power and unlimited authority to:

  (i) collect the Rents and profits from Leases;

  (ii) rent any portion of the Lands on such terms and conditions as the receiver considers advisable and enter into and execute Leases, accept surrenders and terminate Leases;

  (iii) complete the construction of any building or buildings or other erections or Fixtures on the Lands, purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Borrower's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;

  (iv) manage, operate, repair, alter or extend the Lands or any part thereof and carry on the Borrower's business on the Lands;

  (v) sell or grant options to purchase the Lands, or any part thereof, by public auction or private sale, on such terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;

  (vi) rescind or vary any contract or agreement of sale or lease of the Lands;

  (vii) borrow such sum or sums as will, in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates;

  (viii) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties; and

  (ix) perform such other acts and duties and incur any other expense that, in the receiver's opinion, will maintain, preserve or increase the value or income potential of the Lands or that is authorized by a court order appointing the receiver.

The Borrower undertakes to ratify and confirm whatever the receiver may do in respect of the Lands.

(b) The Lender at its discretion may vest the receiver with all or any of the rights and powers of the Lender.

(c) The Lender may fix the reasonable remuneration of the receiver and such remuneration together with all costs, charges and expenses of the receiver and receiver's borrowings, if any, required for the purposes of carrying on the receiver's duties hereunder shall be payable immediately on demand by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

(d) The receiver shall be deemed the agent or attorney of the Borrower and not of the Lender and the Lender shall not be responsible for the acts and omissions of the receiver.

(e) The appointment of any receiver by the Lender shall not result in or create any liability or obligation on the part of the Lender to the receiver or to the Borrower or to any other person including without limitation, for the receiver's remuneration, costs, charges and expenses and no appointment or removal of a receiver and no actions of a receiver shall render the Lender a mortgagee in possession of the Lands.

(f) No receiver shall be liable to the Borrower to account for monies other than monies actually received by the receiver in respect of the Lands or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:

- (i) all the receiver's remuneration,
- (ii) all costs, charges and expenses of every nature and kind incurred by the receiver, excluding the receiver's borrowings,
- (iii) any sums borrowed by the receiver from the Lender and interest thereon as secured by receiver certificates,
- (iv) all interest, principal and other monies due hereunder to be paid in such order as the Lender in its sole discretion shall determine,
- (v) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Lender and interest thereon as secured by receiver certificates, and
- (vi) any surplus, subject to the rights of other creditors, to the Borrower.

(g) Save as to claims for accounting under paragraph (f) of this section 42, the Borrower hereby releases and discharges any such receiver from every claim of every nature which may arise or be caused to the Borrower or any person claiming through or under the Charge by reason or as a result of anything done by the receiver unless such claim is the direct and proximate result of dishonesty or fraud.

(h) The statutory declaration of an officer or agent of the Lender as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the Charge shall be sufficient proof thereof for the purposes of any person dealing with a receiver and such dealing shall be deemed to be valid and effectual notwithstanding any contrary assertion by the Borrower.

(i) The rights and powers conferred in the Charge in respect of the receiver are in addition to and not in substitution of any other rights and powers which the Lender may have.

43. EXPROPRIATION

In the event of any expropriation affecting the Lands or any part thereof, the Borrower agrees that the proceeds from the expropriation shall be paid to the Lender in priority to the claims of any other party. The Lender through its agents or employees may order a survey and/or property valuation of the Lands in order to ascertain the value of the expropriated lands and the remaining lands. Any and all reasonable costs, charges, and expenses for such survey and/or property valuation shall be added to the Outstanding Principal Amount and shall bear interest at the Interest Rate, and shall, with such interest, be a charge on the Lands prior to all claims thereon subsequent to the Charge and shall be payable on demand.

44. TRANSFER AND DISCLOSURE OF PERSONAL INFORMATION

The Borrower agrees that the Lender may securitize, assign, transfer or pledge the Charge without the consent of, or notice, to the Borrower. The Borrower acknowledges that the Lender may from time to time obtain credit support, insurance or liquidity in respect of the Charge or in respect of the securitization, assignment, transfer or pledge of the Charge. The Borrower irrevocably agrees that the Lender may collect, use and disclose all personal information included in or relevant to the Charge (including credit and default information) with respect to the Borrower, the Covenantor or any other person who assumes or becomes responsible for payment of any amounts secured by the Charge in connection with such securitization, assignment, transfer, pledge, credit support, insurance or liquidity or collection or enforcement proceedings in respect of the Charge.

45. MORTGAGE EXPENSES

The Borrower agrees to pay the reasonable costs, charges and expenses of and incidental to the Charge and all other documents or security required in connection with or collateral to the Charge and of anything done in connection with the enforcement of the security granted by the Charge or the procuring of the payment of any monies secured by the Charge including, without limitation:

(a) processing and administration fees (if any);

(b) legal costs and disbursements (on a full indemnification basis and in no event less than on a solicitor and client basis);

(c) other costs and expenses relating to inspecting the Lands, appraising the value of the Lands, examining title, preparing, executing, delivering and/or registering any document, providing legal advice and opinions; or

(d) other costs and expenses relating generally to any steps and proceedings reasonably taken by the Lender in order to preserve or protect the Lands, defend the validity or priority of the Charge or realize on the security created by the Charge.

The Borrower further agrees that any amounts so incurred or charged by the Lender shall be payable immediately on demand by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

46. ASSIGNMENT OF RENTS AND LEASES

The Borrower hereby assigns to the Lender all right, title and interest of the Borrower in the Rents and Leases to have and to hold absolutely until all monies secured by the Charge and all obligations of the Borrower in the Charge have been fully paid and satisfied.

The Borrower hereby grants to the Lender full power and authority to enter upon the Lands to collect the Rents, to demand, collect, sue for, distrain for, recover, receive and give receipts for the Rents, to enforce payment of the Rents and performance of the obligations of any guarantees of payment and covenants to pay, and to exercise all rights in respect of any or all Leases, in the Lender's own name or in the name of and as agent for the Borrower, as the Lender may elect, and hereby grants to the Lender irrevocable authority to join the Borrower in any such proceedings or actions.

Notwithstanding that this is a present and absolute assignment, (subject to redemption on repayment of all monies secured by the Charge), the Borrower, as agent for the Lender, shall be entitled to collect and retain the Rents as and when they become due and payable according to the terms of the Lease and to deal with all Leases until the Lender gives notice to tenants directing that they pay the Rents to the Lender.

The Borrower covenants that it now has good and sufficient power, authority and right to assign the Rents, Leases and other benefits to the Lender as herein provided and shall not further assign, pledge or otherwise encumber the Rents or Leases, accept any prepayment of the Rents, nor do or omit to do any act having the effect of waiving, releasing, reducing or abating any rights or remedies of the Borrower or any obligations of any other party in connection with the Leases.

Nothing herein contained or any action taken by the Lender as provided will make the Lender a mortgagee in possession, or will have the effect of making the Lender responsible for the collection of the Rents or for the observance or performance or enforcement thereof or of any of the provisions of the Leases either by the Borrower or by any other person, liable to account for any monies except such monies as it actually receives pursuant to this assignment of Rents and Leases less proper collection charges, inspection fees, costs (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) and other expenses expended by the Lender and such monies when so received shall, at the discretion of the Lender, be applied on account of the monies secured by the Charge.

The giving of this assignment of Rents and Leases is by way of additional and collateral security for all monies secured by the Charge and not in substitution for any other security and will not in any way diminish, novate or otherwise affect any other security and such other security will not diminish, novate or otherwise affect this assignment of Rents and Leases. Any right or remedy under this assignment of Rents and Leases may be taken either independently or in conjunction with any other rights or remedies of the Lender under the Charge.

The Borrower shall execute and deliver such further assurances, assignments, notices or other documents and do all such other things as the Lender may reasonably require from time to time to perfect this assignment of Rents and Leases.

47. NO DEDUCTIONS

The Borrower agrees that notwithstanding anything to the contrary contained in the Charge, all payments due from or made by the Borrower shall be made without set-off or counterclaim and, subject to section 5, without any deductions or withholdings, whatsoever.

48. INTERPRETATION

The expressions "Borrower", "Lender" and "Covenantor" wherever used in the Charge shall include the heirs, executors, personal representatives, administrators, successors and assigns of the Borrower, the Lender and the Covenantor, respectively, and wherever the singular or masculine is used throughout the Charge the same shall be construed as meaning the plural or the feminine or body corporate or politic where the context so require. All covenants, liabilities, and obligations of the Borrower and Covenantor under the Charge shall be equally binding upon his, hers, its or their heirs, executors, personal administrators, successors and assigns, respectively, and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Lender shall be equally secured to and exercisable by its successors and assigns. If the Borrower or Covenantor is comprised of more than one person the covenants on the part of the Borrower and the Covenantor, respectively, herein contained shall be joint and several covenants.

49. PARAGRAPH HEADINGS

The paragraph headings and Table of Contents in this set of standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge.

50. APPLICABLE LAW

This Charge and the rights and obligations under the Charge shall be governed and construed according to the laws of the Province of Ontario.

51. *SHORT FORM OF MORTGAGES ACT*

If any of the forms of words contained herein are also contained in Column One of Schedule "B" of the *Short Form of Mortgages Act* (Ontario) and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule "B" of the said Act distinguished by the same number, and the Charge shall be interpreted as if such Act was still in full force and effect.

52. NATIONAL HOUSING ACT

If the Charge is a CMHC-insured Charge, the Charge is made pursuant to the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time.

53. COVENANTOR OR GUARANTOR

In consideration of the Lender making advances to the Borrower in whole or in part of the monies secured by the Charge and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Covenantor does hereby covenant, promise and agree as principal debtor and not as surety to and with the Lender that the Covenantor shall pay, or cause to be paid, to the Lender the Principal Amount and other monies secured by the Charge, together with interest thereon, and shall observe and perform all of the covenants, provisos, conditions, agreements and stipulations in the Charge on the part of the Borrower. If there is more than one Covenantor, the covenants herein contained shall be joint and several.

The Lender shall not be bound to exhaust its recourse against the Borrower or any other party or other security it may hold before being entitled to payment from the Covenantor of the monies secured by the Charge.

The Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of the Covenantor, the Lender may:

(a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under the Charge;

(b) grant any renewals or extensions of the Charge, with or without a change in the Interest Rate or in any other terms or conditions of the Charge and whether by express agreement of the Borrower or otherwise (including without limitation by way of an automatic renewal or extension);

(c) change the rate or rates of interest provided in the Charge, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable rate or from a variable rate to a fixed rate, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the Charge or charge constituted by the Charge the whole or any part of the Lands;

(g) advance Additional Principal Amounts to the Borrower pursuant to any provision of the Charge that permits the Borrower to borrow such Additional Principal Amounts from the Lender;

(h) deal with the Borrower or any other person liable for payment of the monies hereby secured or the Lands or the Charge or any other security as the Lender sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Charge;

(i) release or discharge one or more other Covenantors or Borrowers in respect of the Charge; or

(j) release any subsequent legal or beneficial owner of the Lands from any liability for the obligations under the Charge or refrain from requiring any such owner to assume any such liability,

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of the Covenantor hereunder, regardless of whether any such action has the effect of amending or varying the Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the obligations thereunder. The liability of the Covenantor hereunder shall extend to and include the obligations of the Borrower under the Charge as so amended, renewed, extended or varied and the Charge as so increased, expanded or altered without further action on the part of the Lender or the consent or concurrence of the Covenantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Charge is increased or otherwise altered, the liability of the Covenantor hereunder shall be extended to and include the obligation of the Borrower to pay interest at such increased or altered rate.

54. ACKNOWLEDGEMENT

The Borrower and Covenantor acknowledge receipt of a copy of this set of standard charge terms and, if applicable, any additions, amendments or deletions to this set of standard charge terms as provided in the Charge.

END OF SET

Dated the 11th day of January, 2005.

HSBC BANK CANADA,
by its solicitors, McMillan Binch LLP

Per:

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200505 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200506 Cote
Filing Date FEB. 4th 2005 Date de Dépôt
Page 1 of/de 27 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by: ING Bank of Canada

Filing Date:

Filing Number:

ING BANK OF CANADA

LAND REGISTRATION REFORM ACT (ONTARIO)

SET OF STANDARD CHARGE TERMS

FIXED AND VARIABLE RATE RESIDENTIAL CHARGE/MORTGAGE

The following set of standard charge terms will be deemed to be included in every charge or mortgage in which the set is referred to by its filing number pursuant to section 9 of the *Land Registration Reform Act* (Ontario).

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1. DEFINITIONS

In this set of standard charge terms:

"Act" means the *Condominium Act* (Ontario);

"additional principal amounts" means, collectively, any principal amounts advanced by us to you under the mortgage, in addition to the principal amount;

"borrower", **"you"** and **"your"** mean each person who signs the mortgage as chargor and his, her or their successors and assigns and these terms may be used interchangeably in this set of standard charge terms;

"business day" means a day that is not a Saturday, Sunday or statutory holiday in the province or territory in which the property is located;

"condominium corporation" means the corporation created by the registration or deposit of a declaration under the Act in respect of the property;

"condominium property" is defined in section 28(e)(i);

"current mortgage rate" means, at any time during the term, the interest rate chargeable under the mortgage;

"default" means that you have done one or more of the following: (a) you have not paid an amount of principal, interest or other amount due to us under the mortgage; (b) you have breached a promise or covenant that you made in the loan commitment or the mortgage; and (c) you have made a representation or warranty in the loan commitment or the mortgage that is incorrect, incomplete or misleading in any material respect when made;

"deferred interest" is defined in section 4(c);

"ING prime rate" means ING Bank of Canada's annual rate of interest announced from time to time as its benchmark prime rate of interest for Canadian dollar loans, which rate is subject to change from time to time at ING Bank of Canada's sole discretion;

"interest adjustment date" means the interest adjustment date set out in the mortgage;

"land registry office" means the land registry office or the land titles office in the province or territory in which the property is registered, or any other similar government office if the property is not registered in the land registry office or the land titles office;

"loan amount" means, collectively, all present and future indebtedness and liability owing by you to us under the mortgage including, without limitation, the principal amount, all additional principal amounts, if any, interest and all other amounts owing by you to us from time to time under the mortgage;

"loan commitment" means the mortgage commitment and any other agreement, not including the mortgage, between you and us setting out the terms of the loan, as the same may be amended from time to time in writing;

"maturity date" means the date set out in the mortgage on which the outstanding principal amount is due and payable, as the same may be extended from time to time;

"mortgage" means, collectively, a Form 2 Charge/Mortgage of Land or a Charge/Mortgage of Land prepared in electronic format under Part III of the *Land Registration Reform Act* (Ontario), any schedules attached to it and this set of standard charge terms, as the same may be amended from time to time;

"mortgage insurance company" means Canada Mortgage and Housing Corporation, Genworth Financial Mortgage Insurance Company Canada or any other similar mortgage insurance company;

"mortgage year" means the 12-month period from the interest adjustment date or an anniversary of such date;

"net proceeds" means the proceeds of the sale or lease of the property less our costs incurred to take, recover or keep possession of the property, to sell, lease or transfer the property including, without limitation, all amounts paid by us on account of taxes, maintenance, repairs, utilities, insurance and common expenses or other costs paid to the condominium corporation or any other amount that we may pay to maintain, manage or preserve the property and our legal expenses in connection with the foregoing;

"new mortgage" is defined in section 25;

"other claims" is defined in section 6(a)(xii);

"outstanding principal amount" means the aggregate of that part of the principal amount and that part of the additional principal amounts, if any, outstanding from time to time under the mortgage;

"prepayment interest rate differential amount" means the amount determined in subsection (a) below *minus* the amount determined in subsection (b) below:

(a) the present value, as determined by us, of the total amount of interest which would have been payable on the outstanding principal amount if the prepayment had not been made, calculated from the date of prepayment to the maturity date, at the current mortgage rate; and

(b) the present value, as determined by us, of the total amount of interest calculated on the outstanding principal amount, calculated from the date of prepayment to the maturity date, at the interest rate *per annum* set by us applicable to residential mortgages in Canada for the mortgage term nearest in length to the remainder of the term on the prepayment date;

"prepayment privilege" means the privilege to prepay without penalty in a mortgage year, a maximum of 25% of the principal amount set out at the beginning of the term;

"principal amount" means the amount set out as the principal amount in the mortgage;

"property" means the real property legally described in the mortgage, all buildings and structures now on such property or later added, and anything now or later attached to or fixed to any building or structure on such property or attached to or fixed to such property, including, without limitation, additions, alterations, substitutions, improvements, equipment and other apparatus of any kind or nature on such property and, in the case of a condominium unit, includes, without limitation, the common elements and any other interest you have in the condominium property;

"section" means a section of this set of standard charge terms;

"successor" means an heir, executor, administrator, liquidator, personal representative or successor;

"taxes" is defined in section 12;

"term" means the term of the mortgage, which is the period starting on the interest adjustment date and ending on the maturity date;

"transferable principal amount" is defined in section 25;

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"variable rate adjustment date" is defined in section 4(a);

"variable rate" and **"adjustable rate"** mean the interest rate calculated pursuant to section 4(a) and these terms may be used interchangeably in this set of standard charge terms; and

"we", **"our"**, **"us"** and **"mortgagee"** mean the mortgagee or chargee as set out in the mortgage.

2. GRANT OF MORTGAGE

We have agreed to loan you money on the terms set out in the loan commitment and the mortgage. In consideration for the loan we make to you of the principal amount or that part of the principal amount that is advanced and the additional principal amounts, if any, that are advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you own the property, you charge your entire interest in the property to us; or

(b) if you lease the property, you charge and sublease your entire interest (including, without limitation, any option or right of first refusal to purchase) in the property for the entire term (except the last day) of your lease to us; and

(c) if you lease the property and you subsequently acquire the freehold title to the property, the mortgage will by operation of law become a mortgage of the freehold interest in the property to the same extent and effect as if you had been the owner of the freehold, free from encumbrances, at the date of the mortgage. For the purposes of this section, you hereby grant, mortgage and charge the freehold interest in the property to and in favour of us, such grant, mortgage and charge to take effect upon your acquiring freehold title to the property;

in each case, to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage and the loan commitment.

When you have repaid the loan amount in full as provided in the mortgage, we are under no obligation to loan any additional principal amounts to you. If you are not then in default, we will have no further interest in the property.

We have the right to assign the mortgage and the payment of amounts secured by the mortgage. An assignment by us will not cause the mortgage to cease to operate nor entitle you to a discharge of the mortgage.

3. FIXED INTEREST RATE (APPLICABLE ONLY TO FIXED RATE MORTGAGES)

This section 3 applies only to fixed rate mortgages.

The interest rate that you are required to pay and the frequency of the payments of principal and interest are set out in the mortgage. Interest is calculated semi-annually not in advance. Interest on the loan amount is payable at the current mortgage rate both before and after the maturity date, default and judgment, until the loan amount has been paid in full.

4. VARIABLE INTEREST RATE (APPLICABLE ONLY TO VARIABLE RATE MORTGAGES)

This section 4 applies only to variable rate mortgages.

(a) Interest Rate

The interest rate that you are required to pay and the frequency of the payments of principal and interest are set out in the mortgage. Interest is calculated semi-annually not in advance. The interest rate is a variable rate which will initially be determined on the interest adjustment date.

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The interest rate will automatically be adjusted approximately every three months if there is a change in the ING prime rate, as follows: (i) if you have selected the monthly payment option, the first adjustment will occur on the day which is three months after the interest adjustment date, and each subsequent adjustment will occur on the day which is three months after the previous variable rate adjustment date; or (ii) if you have selected any other payment option, the first adjustment will occur on the payment date on or closest to (but not later than) the day which is three months after the interest adjustment date and each subsequent adjustment will occur on the payment date on or closest to (but not later than) the day which is three months after the previous variable rate adjustment date.

A day on which such adjustment takes place or would have taken place if there had been a change in the ING prime rate is referred to in this set of standard charge terms as a "variable rate adjustment date". On each variable rate adjustment date, the interest rate payable until the next variable rate adjustment date will be the ING prime rate less an adjustment factor which is set out in the mortgage. The interest rate may change on a variable rate adjustment date without any prior notice to you. Interest is payable on the loan amount at the current mortgage rate both before and after the maturity date, default and judgment, until the loan amount has been paid in full.

(b) How You May Determine the Current Mortgage Rate

After each change in the ING prime rate, we may notify you by mail, electronic means or other means as we may from time to time determine, at the most current address we have for you, of the changed ING prime rate, its effective date and the current mortgage rate. The interest rate will vary according to section 4(a) even if we fail to send you such notice or you fail to receive it. The ING prime rate in effect at any time is available by calling us at the telephone number set out in the loan commitment or by visiting the internet website set out in the loan commitment.

(c) Deferred Interest

The amount of interest that has accumulated on the loan amount from one regular payment to the next which exceeds the regular loan payment is called "deferred interest". Interest at the current mortgage rate will be charged on the deferred interest from and including such regular payment date. On the next regular payment date, all interest which has accumulated on deferred interest from the previous regular payment date will be added to and become deferred interest and will itself bear interest from and including the regular payment date at the current mortgage rate. The amount of deferred interest from time to time may be obtained by contacting us. Deferred interest will apply to variable rate mortgages even if regular payment amounts are increased due to increases in the ING prime rate.

5. COMPOUND INTEREST

If you do not make a regular payment or any other payment when required by the mortgage, we will add any overdue amount (including interest) to the outstanding principal amount and charge interest, which we refer to as compound interest, at the current mortgage rate, both before and after maturity, default and judgment on all overdue amounts. You must pay compound interest immediately when we require, both before and after maturity, default and judgment.

6. CERTAIN PROMISES YOU MAKE TO US

(a) You agree with us that:

(i) you will pay the loan amount as required by the mortgage and you will comply with all of your other obligations under the mortgage and the loan commitment;

(ii) you will pay taxes assessed against the property either to us if we require or you request that they be paid to us, or directly to the tax authority (as further set out in section 12);

(iii) unless you are the tenant of the property, you are the lawful owner of the property and there are no encumbrances affecting title to the property;

(iv) you have the right to grant us the mortgage;

(v) there are no limitations affecting title to, or your interest in, the property except for any restrictions registered in the land registry office and except for building and zoning by-laws, with which you have complied;

(vi) all information that you have provided to us concerning your marital status and whether the property is a matrimonial home within the meaning of the *Family Law Act* (Ontario) is true, complete and correct at the time the mortgage is signed and delivered;

(vii) all representations made by you in the loan commitment and the mortgage are true, complete and correct at the time the mortgage is signed and delivered;

(viii) to the best of your knowledge and belief, after reasonable enquiry and investigation:

(A) no condition exists on the property which is a contravention of any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety;

(B) no part of the property is or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements;

(C) there are no underground or aboveground storage tanks on the property except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements relating to underground and aboveground storage tanks, the protection of the environment, hazardous substances or public health and safety;

(D) no part of the property contains or will in the future contain any hazardous substance except in compliance with all laws, regulations, by-laws, orders and all other legally binding requirements;

(E) no claim, notice, order, investigation or other proceeding, in each case pursuant to any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety, has been made, issued or threatened in relation to any condition on the property; and

(F) no part of the property is currently in non-compliance with, or used in any manner which is in non-compliance with, any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety.

We may (but are not obligated to) require you, at your expense, to obtain an environmental assessment (which may include any intrusive environmental investigations of the property we deem necessary and desirable) of all or any part of the property, which environmental assessment must be satisfactory to us, but such assessment does not relieve you from your obligations under this section 6(a)(viii).

At any time that a change in the environmental condition on or with respect to the property makes any of the above statements untrue, you will provide us a written notice of such change immediately, including a copy, where applicable, of any correspondence with any regulatory body about the condition.

You will not, and will not allow any other person to, create or allow to exist any condition on or with respect to the property that does or could constitute a violation of any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety now and as such requirements come into force in the future;

(ix) you will, at your expense, sign any other document or take any further action which we may request to ensure that your entire interest in the property has been fully charged to us and that the loan amount is adequately secured;

(x) if you are in default, we will have the right to take possession of the property without any encumbrances or interference;

(xi) you will take any action necessary to protect your title to or interest in the property including, without limitation, protecting your rights under any applicable legislation, statute or regulation of any municipal, provincial or federal government or regulatory body and you will not in any way interfere with our interest in the property;

(xii) you will not, without our prior written consent, further encumber the property and you will keep the property free and clear of any subsequent mortgages and from all encumbrances, liens, charges and mortgages including, without limitation, any outstanding statutory liens or charges on the property, arrears of taxes, liens for arrears of condominium common element expenses or other condominium charges or expenses, executions and rights (which encumbrances, liens, charges and mortgages and all prior mortgages, if any, are collectively referred to as "other claims"); and

(xiii) you agree that we may pay the whole or any part of any other claims at any time having priority over the mortgage. The amounts so paid will be payable by you to us on demand and will, until paid, be included in the loan amount, be secured by the mortgage and bear interest at the current mortgage rate. We will be entitled to the equities and the rights and securities of the person or persons so paid and to obtain an assignment of any other claims so paid and of any right to payment and we are authorized to retain any discharge of any other claims, without registration, until payment to us of the other claims in full.

(b) If you are a tenant of the property, you also agree with us that:

(i) the property is leased to you under a valid and subsisting lease, a complete copy of which you have given to us and that you have good leasehold title to the property;

(ii) all rents and other monies payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or you have the right, without your landlord's consent, to charge your interest in the lease to us;

(iv) you have not done, or permitted to occur, any act to encumber the lease or any part of the lease;

(v) there are no limitations on your interest in the property except for any set out in the lease, except for restrictions registered in the land registry office and except for building and zoning by-laws, with which you and your landlord have complied;

(vi) you will pay rents and other payments required by the lease as they fall due;

(vii) you will comply with all your other obligations set out in the lease;

(viii) you will not surrender or assign the lease or any of your rights under the lease or sublet all or any part of the property or cause the lease to be terminated;

(ix) you will not make any change to the lease without first obtaining our written consent;

(x) where the lease contains an option to renew the term of the lease or a right of first refusal to lease or purchase the property, you will not allow any such right or option to lapse at any time while there remains any outstanding loan amount without our prior written consent;

(xi) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(xii) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in the property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xiii) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xiv) you will hold the last day of the term of your lease or of any renewal term of the lease in trust for us and will only deal with it in such manner as we will require. You will have the same rights arising from this section 6(b)(xiv) as you already have under other provisions of the mortgage and at law;

(xv) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal term. If we enforce our rights under the mortgage, particularly those referred to in section 29(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's successors and will only deal with it in such manner as such person requires;

(xvi) you irrevocably appoint us as your attorney so that we, on your behalf and in your name, may enforce any of the covenants in your favour under the lease, exercise any right or option available to you under the lease (including any right of renewal or termination) or assign the lease and the last day of the term of the lease and of any renewal term of the lease and convey your interest in the property as we may require to perfect any sale we may make under section 29 and, in particular, under section 29(a)(iv);

(xvii) we may remove you or any other person as trustee of the trust referred to in section 6(b)(xiv) and appoint a new trustee or trustees; and

(xviii) you acknowledge that any breach of a term of the lease constitutes a default and you agree that we have the right (but not the obligation) at any time to pay any amount outstanding under the lease or take any action as may be necessary to bring the lease into good standing, and to add all amounts paid by us and all costs incurred by us to the loan amount secured by the mortgage.

7. HOW YOU WILL REPAY THE LOAN

(a) Currency and Place

You will pay the loan amount to us in lawful Canadian dollars, on each payment date at our address set out in the mortgage or as otherwise provided in this set of standard charge terms. If any payment is made on a day that is not a business day, the payment will be deemed to be made on the business day next following the payment date. Unless we otherwise agree, any payments to be made by you are due and payable as provided in the mortgage.

(b) Interest Adjustment Date

Interest on all money we have advanced to you up to the interest adjustment date will be calculated daily at the current mortgage rate in effect on the date of each advance up to but not including the interest adjustment date. At our option, such interest will either (i) be payable by you to us on the interest adjustment date; (ii) be added to the loan amount on the interest adjustment date and will bear interest at the current mortgage rate; (iii) be deducted by us from any advance or advances which we make; or (iv) be debited by us from your account referred to in section 7(e) on the first regular payment date.

(c) Regular Payments

You will make regular payments of principal and interest to us in the amount and on the payment dates specified in the mortgage, beginning on the first payment date until and including the maturity date. You may, upon request and at our discretion, change your regular payment date to a payment date then currently offered for your type of mortgage. Any interest outstanding as a result of such change to your regular payment date will be added to your mortgage payment on the first regular payment date after such change. You will pay the outstanding balance of the loan amount on the maturity date.

(d) Term/Amortization (Applicable only to Variable Rate Mortgages)

This section 7(d) applies only to variable rate mortgages.

The interest rate specified in the mortgage is subject to variations as set out therein. Your regular payment of principal and interest may increase or decrease from time to time due to variations in the current mortgage rate but the term and the amortization period set out in the mortgage will not change. The principal and interest payment may also be increased by you if you are otherwise permitted to do so under the mortgage.

(e) Bank Account for Payments

You will maintain an account of a type satisfactory to us with ING Bank of Canada, a branch of a Canadian chartered bank or trust company or such other bank, trust company, caisse populaire or credit union approved by us in writing and provide an authorization in a form acceptable to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You will ensure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be a default. You agree to pay us our then current administration and processing fees for any actions which we have to take as a result of your default under this section 7(e).

(f) How Your Regular Payments are Applied

Each of your regular payments will be used: (i) first, to pay interest or reduce the interest (other than deferred interest) on the principal amount and on the additional principal amounts, if any, accumulated to, but not including, the payment date; (ii) second, to pay or reduce any deferred interest (if you have a variable rate mortgage) outstanding and accumulated to, but not including, the payment date; and (iii) third, to reduce the principal amount and the additional principal amounts, if any. However, if you are in default, we may apply your payment or any other money we receive towards any part of the loan amount we choose.

(g) Payment Provisions on Default

If you are in default, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also exercise our rights under section 17.

8. INCREASING YOUR REGULAR PAYMENT AMOUNT

If you are not in default, you may, effective on any regular payment date and on written notice to us, increase the amount of your regular payments, without penalty, provided that the total of all such increases during any mortgage year does not exceed 25% of the amount of your regular principal and interest payments as set out in the mortgage at the beginning of the term. After you have increased the amount of your regular payments, you may, effective on any regular payment date, decrease the amount of your regular payments to an amount not less than the amount of your regular principal and interest payments as set out in the mortgage at the beginning of the term.

9. EARLY REPAYMENT

(a) Fixed Rate Mortgages

This section 9(a) applies only to fixed rate mortgages.

(i) If you are not in default, you may, on any regular payment date, prepay an amount to be applied to the outstanding principal amount, without penalty, provided that:

  (A) each such prepayment is at least $100;

  (B) the total of all such prepayments paid during any mortgage year does not exceed 25% of the principal amount set out at the beginning of the term;

  (C) if you do not completely use such prepayment privilege in any mortgage year, it cannot be carried forward to the next or any future mortgage year; and

  (D) if, at the beginning of the mortgage year, the outstanding principal amount is more than 25% of the principal amount, you may not apply a prepayment made under this section 9(a)(i) to prepay the entire outstanding principal amount unless, at the same time as you make such a prepayment, you also make a discharge request (but not an assignment request) in accordance with section 32.

(ii) Any other early repayment may only be made upon the payment of the prepayment interest rate differential amount or three months' interest at the current mortgage rate calculated on the loan amount, whichever is greater, even if you may not have completely used your prepayment privilege in any mortgage year.

(b) Variable Rate Mortgages

This section 9(b) applies only to variable rate mortgages.

(i) If you are not in default, you may, on any regular payment date, prepay an amount to be applied to the outstanding principal amount, without penalty, provided that:

(A) each such prepayment is at least $100;

(B) the total of all such prepayments paid during any mortgage year does not exceed 25% of the principal amount set out at the beginning of the term;

(C) if you do not completely use such prepayment privilege in any mortgage year, it cannot be carried forward to the next or any future mortgage year; and

(D) if, at the beginning of the mortgage year, the outstanding principal amount is more than 25% of the principal amount, you may not apply a prepayment made under this section 9(b)(i) to prepay the entire outstanding principal amount unless, at the same time as you make such a prepayment, you also make a discharge request (but not an assignment request) in accordance with section 32.

(ii) Any other early repayment may only be made upon the following conditions:

(A) in the first mortgage year, the loan amount can be prepaid in full with three months' interest penalty at the current mortgage rate;

(B) in the second mortgage year, the loan amount can be prepaid in full with two months' interest penalty at the current mortgage rate;

(C) in the third mortgage year, the loan amount can be prepaid in full with one month's interest penalty at the current mortgage rate; and

(D) after the third mortgage year, the loan amount can be prepaid in full with no interest penalty.

10. EARLY RENEWAL (APPLICABLE ONLY TO FIXED RATE MORTGAGES)

This section 10 applies only to fixed rate mortgages.

If the property contains more than four living units or if the property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you are not in default and the property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the maturity date. You must apply to us to use this right of early renewal. You may renew the mortgage by selecting from the mortgage options that we offer at the time that you apply for early renewal and you must enter into an agreement amending the mortgage, acceptable to us, which will contain the terms and conditions of the amendments to the mortgage. You agree to pay us our then current administration and processing fees to renew the mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

11. INSURANCE

If the property is not a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property, including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property for not less than their full replacement value in Canadian dollars. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower or sprinkler system or any other comparable apparatus is operated on the property, you must also insure and keep insured in our favour and until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and that we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and will bear interest at the current mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not, including, without limitation, an amount to compensate us for loss of interest.

12. PROPERTY TAXES

In this set of standard charge terms, "taxes" includes all taxes, rates and assessments of any nature or kind including, without limitation, property taxes, municipal taxes, school taxes, local improvement rates or charges, development cost charges, interest and penalties payable with respect to the property.

We may withhold from any advance under the mortgage any amount we feel necessary to pay taxes then owing or to anticipate future payments of taxes.

You are responsible for the payment of all taxes on the property which you will pay when due. Upon our request, you will provide us with all the receipted tax bills or a tax certificate confirming that taxes are paid once per calendar year during the term. If you fail to provide us with such bills or certificates, we may conduct such searches with the appropriate tax authority as we deem necessary to obtain the current tax status with respect to the property, and you must immediately reimburse us for all payments and expenses we incur in so doing.

In the alternative, we may, at our option and on written notice to you, estimate the amount of taxes payable for the property each year and you agree to pay to us sufficient monies by equal instalments (based on the payment frequency of the mortgage) to be applied on account of such taxes. You will pay the instalments on each payment due date during the term. We agree to apply these payments against your taxes as long as you are not in default, although we are not obligated to apply payments on account of your taxes more often than annually. If you have paid us instalments towards taxes and if before we have been able to pay these taxes to the appropriate tax authority you have failed to make a payment of principal, interest or any other monies to be paid by you under the mortgage, then we may, at our option, apply such sum or sums towards payment of any such principal, interest or other monies to be paid by you which you have failed to pay. If the taxes actually charged for any one year, together with any interest and penalties, exceed the estimated amount, you agree to pay us promptly upon written notice from us the amount required to make up the difference. If you desire to take advantage of any discounts or avoid any penalties in connection with the payment of taxes, you may pay to us such additional amounts as are required for that purpose. If we are paying your taxes, you agree to send to us the tax bills and other notices affecting the imposition of taxes immediately after you have received them. If we advance to you additional principal amounts under the mortgage, we may deduct from any additional principal amount advanced the amount required to pay any outstanding taxes.

If you do not make your tax payments when they are due, then we may, but will not be obligated to, make those payments for you and the amounts paid by us will: (i) be a charge on the property in favour of us in priority to all claims subsequent to the mortgage; (ii) be payable by you immediately with interest at the current mortgage rate until paid; and (iii) may, at our option, be added to the loan amount and will bear interest at the current mortgage rate.

13. REPAIRS

You agree to keep the property in a good condition and state of repair and carry out all necessary repairs. You agree not to do, or let anyone else do, anything which lowers the value of the property. You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the property.

If, in our opinion, you do not keep the property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this section 13, then we can make whatever repairs are, in our opinion, necessary. The costs of any inspections and repairs are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate.

You authorize us or anyone on our behalf to enter the property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

14. DEMOLITION AND ALTERATIONS

You agree not to demolish the whole or any part of any building or structure on the property without first obtaining our written approval and not to make any material alterations, additions or improvements to the property without first obtaining our written approval to your proposed plans and specifications. In either case, we may withhold our approval in our sole discretion.

The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the property. Upon our request, and at your expense, you will provide us with proof of payment and compliance with governmental requirements and building standards. You must retain all holdbacks required or allowed to be retained by law and such governmental requirements and building standards, as the case may be. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses including, without limitation, any charges for providing financial guarantees or other security, are immediately payable by you to us and, if you do not pay them, we will add them to the loan amount and they will bear interest at the current mortgage rate.

15. NO OBLIGATION TO MAKE ADVANCES TO YOU

If we decide, for any reason, not to advance to you all or any part of the principal amount or any additional principal amounts, we are not obligated to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount or any additional principal amounts have previously been advanced. However, by signing the mortgage you have charged all of your interest in the property to us and you will pay us, on demand, all of our costs including, without limitation, all our legal fees and disbursements, title insurance, expenses for investigating title to or zoning compliance of the property and for preparing and registering the mortgage.

16. LEASES AND RENTS

If the property is intended to be used as an owner-occupied single-family residential premises, you represent and agree that no part of the property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a lease of the whole or any part of the property or renew any lease (other than a renewal provided for in any lease) without first obtaining our written approval which we may withhold in our sole discretion.

If in the future you decide to lease the whole or any part of the property to another person or persons, you must first obtain our written approval which we may withhold in our sole discretion. If we give our approval, upon our request you will:

(a) assign to us all leases, agreements and their renewals, and all rights thereunder as they affect the property;

(b) assign to us all rent and any other monies payable under the leases and agreements; and

(c) give us security on chattels, fixtures and equipment as we may reasonably require.

You agree to pay all of our expenses including, without limitation, all our legal fees and disbursements and other costs relating to such additional security.

If you do not comply with any of your obligations under this section 16, at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling the property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount and will bear interest at the current mortgage rate. You irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

Nothing we do under this section 16 will put us in possession of the property and we are not obliged to collect any rent or income from the property or to comply with any term of any lease or agreement.

Rental of any part of the property without our written approval will be considered to have been done to discourage us from taking possession of the property.

17. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) subject to section 21, you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any representation or warranty you made to us in applying for the loan, in the loan commitment or in the mortgage (including, without limitation, those contained in section 6) is untrue;

(d) any lien is registered against the property or we receive notice of a construction lien, a security interest, a lien that is created as a result of unpaid property taxes or unpaid construction maintenance fees or any other lien against the property;

(e) you do not observe or perform any obligation or condition contained in any mortgage, charge, lien or encumbrance to which our mortgage is subject or subordinate;

(f) any buildings being erected on or additions, alterations or improvements done to the property remain unfinished without work being done on them for a period of ten consecutive days; or

(g) the property is abandoned.

We have the right to waive any particular default by you but if we do so we are not waiving any other existing default or one or more defaults which may occur in the future.

18. BUILDING MORTGAGE

If any of the principal amount or the additional principal amounts, if any, to be advanced under the mortgage is used to finance an improvement on the property (meaning any alteration, addition or repair to or any construction, erection or installation on, the property including, without limitation, the demolition or removal of all or any part of any building, structure or works on the property), you must first obtain our written approval of this before any advances are made under the mortgage. You agree to make the improvement only in accordance with plans and specifications that we have approved in writing and to complete the improvement as quickly as possible.

Subject to section 15, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. We will decide whether advances may be made and when they will be made.

Whatever the purpose of the mortgage, we may retain funds from any advance or advances until we are completely satisfied that you have retained the holdback amount that you are required or allowed to retain under applicable construction lien legislation, as the case may be, and the lien period has expired. You authorize us to give information about the mortgage to anyone who claims a construction lien on the property.

19. RELEASING THE PROPERTY FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of the property, whether or not we receive any value, and we will be accountable to you only for money that we actually receive. If we release our interest under the mortgage in only a part of the property, the remainder of the property will continue to secure the loan amount and your obligations, and those of any guarantor, under the mortgage will continue unchanged. You will pay our then current administration or processing fee for preparing and signing the discharge and all legal and other expenses, whether the discharge is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge on your title and to pay the registration fee. If the property is subdivided, each part of the property will secure payment of the loan amount.

20. CONVERTIBILITY (APPLICABLE ONLY TO VARIABLE RATE MORTGAGES)

This section 20 applies only to variable rate mortgages.

If you are not in default and you qualify with our requirements in effect at the time you would like to convert the mortgage, you may convert the mortgage to a fixed rate mortgage offered by us with a term of at least three years, with the interest rate and containing the terms and provisions that are offered by us at the time of conversion. If you wish to take advantage of this opportunity, you must apply to us and you must enter into a mortgage amending agreement or a new fixed rate mortgage which will contain all amended terms, conditions and provisions of the mortgage. You agree to pay us our then current administration or processing fees in connection with the conversion, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the conversion documentation and its registration. You also acknowledge that we are under no obligation to consent to allowing you to convert the mortgage or extend the term. Once the mortgage has been converted, the prepayment privileges of the mortgage will no longer apply and prepayment privileges, if any, will be contained in the mortgage amending agreement, the new fixed rate mortgage or other similar documentation that we may use for these purposes from time to time.

21. SKIP A PAYMENT

If you are not in default and subject to compliance with the *National Housing Act* (Canada), you may, on at least five business days' notice to us in writing or by telephone, skip a regular payment under the mortgage without being in default, if you do so not more than once in any mortgage year. You may repay the amount of any skipped regular payment at any time during the term without penalty. You will still be required to pay any amount related to taxes or insurance due on the date such skipped regular payment was otherwise required to be made. The interest portion of the skipped regular payment will be added to the outstanding principal amount and will bear interest at the current mortgage rate.

22. ADDITIONAL PRINCIPAL AMOUNTS

We may from time to time at our sole option lend you additional principal amounts under the mortgage provided that the outstanding principal amount does not at any time exceed the principal amount set out in the mortgage at the beginning of the term. If we request, you will enter into an agreement with us that any additional principal amounts loaned to you by us are secured by the mortgage. All additional principal amounts, interest thereon and any other amounts owing with respect to such additional principal amounts will be secured by, and repaid in accordance with, the provisions of the mortgage. These provisions apply notwithstanding that the principal amount outstanding under the mortgage may be reduced and subsequently increased or repaid and subsequently loaned again. If additional principal amounts are loaned prior to the expiry of the term, the term will be extended based on the interest rate and term that you select. We are entitled to discharge the mortgage without notice to you once you have repaid all amounts owing under the mortgage including, without limitation, the principal amount and any additional principal amounts.

23. RENEWING OR AMENDING THE MORTGAGE

At our option, the mortgage may from time to time be renewed, extended or amended by an agreement (in a form acceptable to us) with you, with or without any increase in the interest rate or the principal amount. It will not be necessary for us to register the agreement on title to the property in order to retain priority for the mortgage, as renewed or amended, which may include advances of additional principal amounts, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to the property after the mortgage at the time any agreement is entered into. However, we are entitled to make any registrations against title to the property as we deem necessary and, if requested, you will assist us with any registration we may make. The entering into of any agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not enter into such agreement.

If we do not receive notice from you before the maturity date that either (i) you intend to repay the loan amount in full on the maturity date, or (ii) you would like to extend the term of the mortgage, then, at our option, unless we notify you to the contrary and without entering into a further agreement with you, effective on the maturity date the term of the mortgage will be extended for one year from the maturity date and the interest rate will be our then current interest rate for a one year fixed rate mortgage. For greater certainty, the mortgage will then be a fixed rate mortgage even if you currently have a variable rate mortgage.

24. DUE ON SALE

If you transfer title to the property or agree to do so, the loan amount will, at our option, immediately become due and payable in full.

25. ASSUMPTION AND PORTABILITY

If you have entered into an agreement to transfer title to the property and you are not in default, you may, with our prior written approval, (i) allow the transferee of title to the property to assume the mortgage or, (ii) if you have agreed to purchase a new property, borrow an amount equal to the outstanding principal amount on the day title to your new property is transferred to you (the "transferable principal amount") under a new mortgage to be registered against title to the new property (the "new mortgage"). You may choose only one of the following two options and we may in our sole discretion not approve one or both of the options.

(a) Assumption

In the case of an assumption of the mortgage, the transferee of the property must provide us with such information as we require to permit us to determine whether we can approve a loan to such transferee. If we approve a loan to the transferee, the transferee must sign and deliver to us an assumption agreement in a form acceptable to us. Upon receipt of the signed assumption agreement and the payment of our then current administration or processing fee for such assumption and all legal and other expenses, we may in our sole discretion release you and any guarantors from your and their obligations under or in respect of the mortgage and the loan commitment.

(b) Portability

If you are not in default and you qualify with our requirements in effect at the time and if you purchase and become the owner of a new property within not more than 30 days of the date of the sale of the property, you may borrow from us with respect to the purchase of the new property. If you wish to take advantage of this opportunity, you must apply to us in writing and you must sign a new mortgage. The following conditions apply:

(i) if you would like to borrow an amount equal to the transferable principal amount, the new mortgage will be at the same interest rate as set out in the mortgage and for a term equal to the remainder of the term;

(ii) if you would like to borrow more than the transferable principal amount, we have the right to approve the excess amount in our sole discretion and, if approved, the interest rate payable by you will be a blended rate calculated by taking the weighted average of the current mortgage rate at the date of transfer of your new property and the interest rate payable by you on the additional amount that you borrow, which will be our then current interest rate for a term equal to the term closest to the remainder of the term of the mortgage;

(iii) if you would like to borrow less than the transferable principal amount, the new mortgage will be at the same interest rate as set out in the mortgage and for a term equal to the remainder of the term. The amount by which the transferable principal amount exceeds the principal amount of the new mortgage will, after deducting from such amount any amount that you are entitled to prepay without penalty under the prepayment privilege for the mortgage year, be subject to the prepayment provisions in the mortgage;

(iv) you will only be required to pay a prepayment penalty if the new mortgage will be for an amount that is less than the transferable principal amount and more than any amount that you are entitled to prepay without penalty under the prepayment privilege for the mortgage year; and

(v) you agree to pay us our then current administration and processing fees to approve and process the new mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the new mortgage and its registration.

You acknowledge that we are under no obligation to consent to allowing you to borrow the transferable principal amount or any additional amount or extend the term with respect to the new mortgage.

26. CERTAIN ACTIONS WE CAN TAKE

If we think it is necessary, we may pay any other claims that have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant under a lease of the property, we may cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we may perform those obligations. Where you are a tenant of the property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal will be subject to the mortgage. You must immediately reimburse us for all payments that we have to make and costs that we incur in taking these steps.

Any payments we make under the mortgage and any expenses incurred by us (including, without limitation, our legal expenses) in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations in accordance with the mortgage, which are not immediately reimbursed to us will be added to the loan amount and will bear interest at the current mortgage rate from the date we pay them. Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the loan amount and will bear interest at the current mortgage rate.

If we have not received a solicitor's final opinion within 90 days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

27. ENVIRONMENTAL MATTERS

You agree that we or our agents (or agents of the mortgage insurance company if the mortgage is insured by a mortgage insurance company) may at any time and for any reason enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or the mortgage insurance company consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the current mortgage rate, will be immediately payable by you and will be a charge on the property. None of us, the mortgage insurance company, our agents or the agents of the mortgage insurance company will become mortgagees in possession of the property or have management or control of the property by exercising these rights.

28. CONDOMINIUM

If the property is a condominium unit, you agree to comply with the provisions of this section 28 in addition to the other provisions of this set of standard charge terms, other than section 11.

(a) Compliance with the Act

You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation in effect from time to time.

(b) Payment of Common Expenses and Other Costs

You will pay all amounts required by the Act, the declaration and the by-laws of the condominium corporation on or before the date such amounts are due, including, but not limited to, all common expenses, contributions, levies or assessments. If we request, you will give us proof that you have done so. If you do not make any payments which you are obligated to pay, we may do so on your behalf and add such amounts to the loan amount and such amounts will bear interest at the current mortgage rate.

(c) Notices and Demands

You will mail to us by prepaid registered mail or deliver to us a copy of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium property so that we receive such communications at least five days before any claim or demand is payable or, in the case of other communications, within five days of the date you receive them.

(d) Voting Rights

You irrevocably authorize us, in your name and on your behalf, to exercise your rights under the Act and under the declaration and by-laws of the condominium corporation to vote at any meeting of the condominium corporation and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation. However, you may exercise such rights to vote or consent unless we notify you in writing that we wish to use our rights to vote or consent, in which case we may also notify the condominium corporation. Our wish to vote or consent can be for a limited period of time or for a particular meeting or matter. When we do vote or consent in your place, we do not then become a mortgagee in possession and are not responsible for protecting your interests or for the way we vote or consent or fail to do so.

(e) Acceleration of Repayment of Loan Amount

At our option, the loan amount will become payable immediately if:

(i) the condominium of which the property forms a part, including, without limitation, the common elements and the assets of the condominium corporation (collectively, the "condominium property") is no longer governed by the Act;

(ii) a vote of the unit owners authorizes the sale of the condominium property or any part thereof;

(iii) the condominium corporation fails to comply with the Act, the declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails, in our opinion, to manage the condominium property in a careful way or to maintain the condominium property in good repair;

(v) the condominium corporation fails to insure the condominium property according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds;

(vi) the condominium corporation makes or permits to be made any substantial modification to the condominium property or any part thereof without our approval; or

(vii) there has been substantial damage to the condominium property and the owners have voted for termination of the condominium corporation.

Our rights to cause the loan amount to become payable immediately will not be affected by the fact that we may have voted in favour of or consented to any of the foregoing.

(f) Insurance

If the property is a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property (including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property not required to be insured by the condominium corporation according to the Act or the declaration of the condominium corporation) for not less than its full replacement value in Canadian dollars.

The condominium corporation must obtain such appropriate insurance as it is required to obtain under the Act and under the declaration and by-laws of the condominium corporation, failing which you will be in default. In addition, you must insure against loss or damage by fire with extended perils coverage, and against such additional risks as we may at any time require, all improvements or those improvements required by the Act or by-laws of the condominium corporation which at any time have been made to the property.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and will bear interest at the current mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss, and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not, including, without limitation, an amount to compensate us for loss of interest.

You will, and to the extent it is within your control will cause the condominium corporation to, assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation fails to keep the buildings and improvements insured or provide us at least 15 days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

29. ENFORCING OUR RIGHTS

(a) Remedies

If you are in default, the loan amount will immediately become due and payable at our option and we may enforce any one or more of the remedies listed below in any order, separately or together, to the extent that such remedies are available in the province or territory in which the property is located.

Our remedies are:

(i) Go to Court - We may take court proceedings to collect the loan amount.

(ii) Foreclosure or Sale - We may take court proceedings to foreclose your right, title and equity of redemption to the property. If we obtain a final order of foreclosure from the court, the property will become ours. We may also ask the court to order the sale of the property under its supervision. The net proceeds from the sale of the property will be applied to reduce the loan amount. If the net proceeds are less than the loan amount, you must pay us the difference. If the net proceeds are more than the loan amount, any amount remaining after all claims have been satisfied will be paid to you.

(iii) Lease the Property - If your default continues for 15 days, we may, on 15 days' notice to you, enter on and lease the property; if your default continues for 30 days we may, without notice to you, enter on and lease the property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds of any lease are less than the loan amount, you must pay us the difference.

(iv) Power of Sale - If your default continues for 15 days we may, on at least 35 days' written notice to you delivered in accordance with the *Mortgages Act* (Ontario), enter on and sell the whole or any part of the property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel, amend or not complete any contract of sale without being responsible for any resulting loss. The net proceeds from any sale of the property will be applied to reduce the loan amount. If the net proceeds are less than the loan amount, you must pay us the difference. If the net proceeds are more than the loan amount, any amount remaining after all claims have been satisfied will be paid to you.

(v) Enter on the Property - We can enter on the property at any time without your permission and make any necessary arrangements to inspect, collect rents or manage the property or repair or complete construction of any building or other improvement on the property. Any costs we incur will be added to the loan amount and will bear interest at the current mortgage rate.

(vi) Appoint a Receiver - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from the property. The receiver will be your agent, not ours, and you will be responsible for any of the receiver's acts or omissions. We are not accountable for any monies received by the receiver except to the extent that we actually receive any such monies. The receiver may use every remedy which we have under the mortgage to collect the income from the property, take possession of the whole or part of the property, manage the property and keep it in good condition. From the income collected, the receiver may pay all rents, taxes, rates, insurance premiums and other expenses required to keep the property in good condition, his or her own commission as receiver, all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing, interest owing under the mortgage and all or any part of the loan amount whether or not it is due.

(vii) Possession - We can take possession of the property at any time, without permission, and take all necessary action to recover and keep possession of the property. We will not be considered to be a mortgagee in possession unless we actually take possession of the property. We may lease or sell the property without actually entering into possession of the property. While in possession, we will only be accountable for money actually received by us.

(viii) Distress – Subject to applicable laws, we may distrain for arrears of interest against the property or any part of it and recover by way of rent reserved as in the case of a demise, the arrears of interest and all costs and expenses incurred in such distress and may also distrain for arrears of principal and regular payments of taxes, if required, in the same manner as if the same were arrears of interest.

(ix) Assignment of Rents – You assign to us all rents from the property. This assignment will take effect upon default.

(b) No Interference

If, in enforcing any of our remedies, we take possession of the property, neither you nor any person claiming an interest in the property through you will interfere with our possession, the possession of any receiver we may appoint or with the possession of any person to whom the property is leased or sold and you will not make any claim against any person to whom the property may be leased or sold.

(c) Notice

When any notice is given by us in connection with the mortgage, the notice may be given in any manner permitted or provided by the laws applicable thereto or, subject to those laws, may, at our option, be given by us by leaving it with an adult person on the property if occupied, by placing it on some portion of the property if unoccupied, by mailing it by prepaid registered mail addressed to you at your last known address, or by publishing it once in a newspaper having a general circulation in the city, town, municipality or area in which the property is located; and such notice will be sufficient even if it is not addressed to any person by name or designation and even if any person to be affected by the notice may be unborn, unknown, unascertained or under any disability; and, subject to the laws from time to time applicable to the notice, such notice will be as effectual as if it had been personally served upon all persons required to be served by it.

(d) Our Expenses

You agree to pay immediately upon our request all of the expenses which we incur in enforcing any of our remedies. These expenses include all our legal fees and disbursements, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(e) Delay in Enforcement

Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations, require payment of the loan amount if you are in default and require any other person including, without limitation, a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(f) Judgments

If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not operate as a merger of any covenant of the mortgage and will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage and the loan commitment. Even if we obtain a court order or judgment, until the loan amount is paid in full, interest is payable on the loan amount at the current mortgage rate or in accordance with applicable law, whichever is higher.

(g) No Prejudice from Failure to Enforce Our Rights

A failure by us to enforce at any time or from time to time any of our rights under the mortgage will not prejudice our rights or any other rights that we have under the mortgage or at law. No performance or payment by us in respect of any breach or default will relieve you from any default, and no waiver at any time or from time to time of any such rights by us will prejudice such rights in the event of any future default or breach.

30. EXPROPRIATION

If the entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of the property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of the property does not constitute adequate security for the loan amount, then in our sole discretion, all or part of the loan amount will immediately become due and payable together with loss of interest.

We have the right to order a survey and/or property valuation of the property in order to ascertain the value of the expropriated land and the remaining land. Any and all reasonable costs, charges and expenses for such survey and/or property valuation are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate, and will be a charge on the property under the security of the mortgage.

31. GUARANTEE

In consideration for our making a loan to the borrower, each person who signs the mortgage or the loan commitment as guarantor unconditionally and irrevocably guarantees to us, as principal debtor and not as surety, the due and punctual payment of the loan amount and the due and punctual performance of all of the obligations of the borrower under the mortgage and the loan commitment at all times until the loan amount is paid in full and all other obligations of the borrower have been fully performed. Each guarantor, if there is more than one, will be jointly and severally liable with the borrower and with each other for complying with all of the obligations of the borrower under the mortgage and the loan commitment. We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any security (including, without limitation, the mortgage) or the property including, without limitation, releasing, realizing on or replacing any security we may hold, give releases or discharges, increase the interest rate, amend the terms of the mortgage or the loan commitment and generally deal with all matters affecting the mortgage and the loan commitment and the obligations of the borrower either before or after requiring payment from any person without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and the obligations of any guarantor will not be altered by the bankruptcy of the borrower or any guarantor. The enforcement of the obligations of a guarantor under this section 31 may take place before, after or at the same time as the enforcement of the obligations of the borrower or any other guarantor under the mortgage or the enforcement of any security for any such obligation. Each guarantor agrees that he, she or it has read the mortgage and the loan commitment and is fully aware of its terms and in particular the terms of this section 31.

32. DISCHARGE

After you have paid us the loan amount and fulfilled all of your other obligations under the mortgage and the loan commitment, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our then current administration or processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on title to the property and to pay the registration fee.

33. ADMINISTRATION FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of the mortgage.

If not paid, such fees will be added to the loan amount and will bear interest at the current mortgage rate.

The amount of such fees in effect at any time is available by calling us at the telephone number set out in the loan commitment or by visiting the internet website set out in the loan commitment.

34. *NATIONAL HOUSING ACT* (CANADA)

All mortgages insured by a mortgage insurance company are made in pursuance of the *National Housing Act* (Canada).

35. *ONTARIO NEW HOME WARRANTIES PLAN ACT*

If the *Ontario New Home Warranties Plan Act* applies to the property, you agree to comply with the requirements of such act and to reimburse us for any costs which we incur in complying with such requirements on your behalf if you fail to do so and to reimburse us for any costs which we incur in enforcing your rights under such act if you fail to do so. Such costs are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate.

36. CHANGE OF CORPORATE CONTROL

If the borrower is a corporation, the borrower agrees that if (a) the borrower fails to supply to us, in a form satisfactory to us, such information relating to the ownership of its shares as we may from time to time require, or (b) without our prior written consent, (i) the borrower issues or redeems any of its shares or any of its shares are transferred, or (ii) there is a transfer of the legal or beneficial interest of any of the shares of the borrower, or (iii) the borrower amalgamates, merges or consolidates with any other person or corporation, and the result of any such event is a change in the effective control of the majority of the voting shares of the borrower, then the loan amount will immediately become due and payable at our option, and our power of sale and all other remedies for enforcement will be exercisable.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date, regardless of the date of signature of the mortgage.

38. WHO IS BOUND

You agree to be bound by all of your obligations contained in the mortgage. The mortgage is also binding on and enures to the benefit of your successors and anyone else to whom the property is transferred. The mortgage is also binding on and enures to the benefit of our successors and assigns and on anyone to whom we may assign the mortgage.

If more than one person signs the mortgage as borrower, then all persons who so sign are jointly and severally liable to comply with all obligations under the mortgage.

39. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

40. HEADINGS

Headings in the mortgage do not form part of the mortgage and are used only for easy reference.

41. STATUTE REFERENCES

Unless expressly stated otherwise, any reference in this set of standard charge terms to a statute is a reference to such statute and the regulations thereunder, if any, as such statute and regulations may be amended or replaced from time to time.

42. GOVERNING LAW

This set of standard charge terms and the mortgage will be governed by the laws of the Province of Ontario.

43. ENTIRE AGREEMENT

The loan commitment and the mortgage constitute the entire agreement between the borrower and the mortgagee concerning the matters addressed therein. The mortgage is in addition to, and not in substitution for, any other security that we may have in the property of the borrower or the property of any other person.

44. AMENDMENTS TO STANDARD CHARGE TERMS

This set of standard charge terms may be amended and specific provisions added, deleted or changed by adding a schedule to the form of mortgage registered in the land registry office.

45. EXCLUSION OF STATUTORY COVENANTS

The covenants contained in section 7(1) of the *Land Registration Reform Act* (Ontario) are excluded from the mortgage.

ING BANK OF CANADA

Name: Stephen Stewart
Title: Chief Lending Officer

Name: Johanne Brossard
Title: President & Chief Executive Officer

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200506 Cote

Scotia Mortgage™

Variable Rate Charge/Mortgage
(Land Titles Act and Registry Act)

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200507 Cote
Filing Date 29th FEB 2005 Date de Dépôt
Page 1 of/de 10 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS NO.

Filed by Scotia Mortgage Corporation
The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act.

1. DEFINITIONS

In this set of standard charge terms, **mortgage** means a Charge/Mortgage of Land (Form 2) in which the set is referred to by its filing number, any schedules attached to it and this set of standard charge terms. **You** and **your** mean each person who signs the mortgage as chargor. **We, our** and **us** mean Scotia Mortgage Corporation, the chargee. **Your property** means the land described in box 5, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements. **Principal amount** means the amount specified in box 4. **Loan amount** means the outstanding balance of all amounts (including interest) owing to us from time to time under the mortgage, as amended from time to time. Any reference to signing any document includes an electronic signature.

Any reference to a box in this set of standard charge terms refers to a box on Form 2 (including anything set out in a schedule to Form 2 which deals with the subject matter of that box) and any reference to signing the mortgage means signing Form 2 or a schedule to it. References to paragraphs refer to paragraphs of this set of standard charge terms.

If this mortgage is a CMHC-insured mortgage, it is made pursuant to the **National Housing Act.**

2. WHAT THE MORTGAGE DOES

In return for our making a loan to you in the principal amount (which, by signing the mortgage, you acknowledge having received from us), you:

i) If you are the owner of your property, charge your property to us and our successors and assigns (called our **legal representatives**);

or

ii) If you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease;

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

Termination of the Mortgage:

Our interest in the property terminates when you have:

- Repaid the loan amount (including interest) as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Interest Rate

The interest rate payable by you on the loan amount is a variable rate, expressed as a rate per annum, equal to our Variable Rate Mortgage (VRM) Base Rate plus/minus the number of percentage points per annum specified in box 9(b). Our VRM Base Rate is set on the first of each month equal to the Prime Rate of The Bank of Nova Scotia on that day.

Interest is calculated half-yearly not in advance. Interest at this variable rate is payable on the loan amount both before and after the final payment date, default and judgment. The interest rate will vary automatically. If The Bank of Nova Scotia Prime Rate changed during the month, your interest rate will not change until the first day of the following month. Wherever this mortgage refers to the interest rate payable on the loan amount, that expression means the VRM Base Rate plus or minus the number of percentage points per annum specified on the schedule and payable as set out above.

For CMHC insured mortgages: After an increase in the interest rate payable on the loan amount you may prepay the money owing under the mortgage without notice or bonus or administration fee on the following terms. First, your prepayment must include all the money you owe us under the mortgage, except that the interest from the effective date of the increase to the date of the prepayment will be calculated at the interest rate payable on the loan amount immediately before the increase. Secondly, the prepayment must be made within 21 days after the effective date of the increase. If you do not make the prepayment within that period, you will be bound by the increase.

B. How you Can Ascertain the Interest Rate

After each VRM Base Rate change, we will mail a notice showing your new interest rate and the date it became effective. The notice will be sent to your last known address shown in our records. However, our failure to mail a notice or the fact that you do not receive it will not prevent the rate from varying. The VRM Base Rate in effect at any time will be available at any branch of The Bank of Nova Scotia in Canada, or at www.scotiabank.com.

C. Compound Interest

If on any monthly loan payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called compound interest. Compound interest shall be paid on your monthly loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

™ Trademark of The Bank of Nova Scotia. Scotia Mortgage is an authorized user.

4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Place of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular monthly loan payments and all other payments will be made at the Branch address set out in box 15, or at any other place we may designate, and are payable as follows:

B. Interest Payable Prior to and on Interest Adjustment Date

Before your regular monthly loan payments begin you will pay us interest, at the rate payable on the loan amount, on all money we have advanced to you up to the interest adjustment date or, at our option, such interest will be deducted from subsequent advances. Interest will be computed from the date of each advance and will become due and payable in monthly instalments on the first day of the month next following the date of each advance and on the first day of each and every month thereafter. The balance, if any, of interest on such advances (computed by excluding the interest adjustment date from the calculation) shall become due and be paid on the interest adjustment date.

C. Payments after the Interest Adjustment Date

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular **monthly loan payments.**

Your monthly payment based on the interest rate indicated in box 9(b) will be the amount reflected in box 9(h). Your payment amount will vary automatically at the first day of each month with each change to the VRM Base Rate. Each payment adjustment will take into account the remaining amortization period and new interest rate on the date of the change. Each time there is an interest rate and payment change, we will tell you what your new interest rate and payment amount will be within 30 days of the change. If, on the first day of the month there is no change to the VRM Base Rate, your payment amount will not change and we will not send you a notice with a new payment amount. Each monthly loan payment consists of a portion of the principal amount together with the interest due and payable on the monthly loan payment date.

Your monthly loan payments will begin on the date specified in box 9(f) and continue on the **FIRST** day of each and every following month and ending on the date specified in box 9(g). Each date that you are required to make a monthly loan payment is called a **monthly loan payment date.** Each monthly loan payment consists of a portion of the principal amount together with the interest due and payable on the monthly loan payment date.

You will pay the balance of the principal amount, together with all interest due and payable on it, on the date specified in box 9(i) (which is the same as the date specified in box 9(g) and is called the **last payment date**).

D. Application of Monthly Loan Payments

Each monthly loan payment will be used: **first**, to pay interest due and payable and **next**, to reduce the principal amount.

E. Early Payment on Sale or Mortgage

We may require you to pay all the money that you owe us under the mortgage immediately if you sell, transfer, mortgage or charge your property. This provision does not apply to a sale, transfer, mortgage or charge to which we have given our prior written consent.

5. PAYING OFF THE MORTGAGE BEFORE THE MATURITY DATE

You may pay off some, or the entire mortgage early, based on the following terms.

If we later agree to change or extend the terms of the loan, these prepayment conditions will not apply to the new or extended term.

Miss a Payment Option

You may miss any scheduled payment as long as you have prepaid an amount equal to the amount of the payment you intend to miss in this term and your mortgage is not in default. You cannot, however, miss your mortgage protection premium, if applicable.

Continuing Liability

Unless you prepay the balance of the principal amount owing, you must continue to make your regular monthly mortgage payments.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200507 Cote

Prepayments

Providing all your mortgage payments are up to date, you may increase your payments, or pay off some of your mortgage early in one of the ways listed in the chart below. These options apply to partial prepayments only. The options are available each year and cannot be saved for use in a later year. Each year is defined as the 12-month period starting on the Interest Adjustment Date (IAD) or the anniversary of that date. If your mortgage term is less than 12 months, these options are available in each term.

PREPAYMENT OPTIONS		
How	When	What it means
1 *by paying an extra regular mortgage payment (principal, interest and taxes)	on any regular payment date	your principal mortgage balance will be reduced by that amount
2. *by paying up to 15% of the original principal amount of your mortgage	at any time (excluding day prepaid in full), sum total not to exceed the yearly maximum	
3. by increasing your regular mortgage payment by up to 15% of the principal and interest payment set for the term of the mortgage	once each year of the term of your mortgage	

*Only items 1 & 2 qualify for the Miss a Payment option

Prepayment Cost

When you prepay some, or the entire principal of your mortgage, you will incur prepayment costs unless the partial prepayment is in accordance with the Prepayment Options chart. The costs to pay off some, or the entire principal amount of your mortgage early is 3 months' interest on the amount you want to pay. The interest rate used to calculate the 3 months interest is the interest rate being charged on the mortgage at the time of the prepayment.

Cashback

If you receive a cashback with your mortgage the cashback amount will be repayable if your mortgage loan does not remaining outstanding with us for the full term. If the mortgage is partially prepaid, paid in full, transferred, assumed or renewed prior to the expiry of the original term, the cashback amount will appear as payable in any assumption, discharge or early renewal statement and will be calculated on an even, prorated basis using the following formula:

$$\text{Cashback Repayment} = \frac{\text{Remaining Term in months (rounded up)}}{\text{Original Term in months}} \times \text{Cashback Amount Received}$$

Portable Mortgage

You may transfer your existing mortgage balance to a new home. You must apply for a new mortgage and meet all our normal qualifications as if you were applying for any other mortgage. In this case, we will not charge you a pre-payment cost.

Special Early Renewal Option

You may early renew this mortgage into a fixed rate, closed prepayment type mortgage with us, with an equivalent or greater term than the remaining term on this mortgage, without a prepayment cost.

Prepayments

Providing all your mortgage payments are up to date, you may increase your payments, or pay off some of your mortgage early in one of the ways listed in the chart below. These options apply to partial prepayments only. The options are available each year and cannot be saved for use in a later year. Each year is defined as the 12-month period starting on the Interest Adjustment Date (IAD) or the anniversary of that date. If your mortgage term is less than 12 months, these options are available in each term.

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3. by increasing your regular mortgage payment by up to 15% of the principal and interest payment set for the term of the mortgage	once each year of the term of your mortgage	

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Cashback

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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6. YOUR TITLE TO YOUR PROPERTY

A. As Owner of Your Property, you certify that:

- i) You are the lawful owner of your property;
- ii) You have the right to give us the mortgage;
- iii) There are no encumbrances on the title to your property; and
- iv) There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us in writing that you are a tenant of your property under a lease, in whic case paragraph B applies.

B. It you Are a Tenant of Your Property

- i) You certify that:
  - a) The property is leased to you and your legal or personal representatives under a lease, a copy of whic you have provided to us;
  - b) The lease is a binding and existing lease and all information you have provided to us concerning it is true;
  - c) All rents payable under the lease have been paid to the date you sign the mortgage;
  - d) You have permission or the right to assign and mortgage or charge the lease; and
  - e) Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.
- ii) You promise:
  - a) To pay the rent as it falls due;
  - b) To comply with all of the other terms of the lease and not to do anything that would cause the lease to terminated;
  - c) Not to surrender the lease;
  - d) Not to make any change in the lease without first obtaining our written consent;
  - e) To give us a true copy of any notice or request you receive concerning the lease; and
  - f) To notify us immediately if your landlord advises you of early termination or takes any steps to effect ear termination of the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is charged to us you will sign any other documents or c anything further that we think is necessary.

7. USE OF YOUR PROPERTY

You will not make any additions, alterations or improvements to your property or use your property for any business purpose without our prior written consent. You may not use your property for any illegal purposes.

8. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the princip amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to u You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

9. TAXES

A. You will make **monthly tax payments** to us on account of property taxes on each monthly loan payment. Th amount of each monthly tax payment will be 1/12th of our estimate of a year's taxes on your property next becoming due ar payable and may change from time to time to reflect changes in the annual taxes on your property. The monthly tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in instalments, the monthly payments should enable us to pay the full year's instalments of property taxes on or before the da on which the first instalment is due.

B. If, however, the annual due date or the first instalment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal monthly tax payments during that period and during the next 1 months. These equal monthly tax payments will be based on our estimate of the total taxes payable for both periods so tha we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate your taxes. Or, at our option, we may increase the monthly payment to cover this amount.

D. We will pay your taxes from the monthly payment we receive from you as long as you are not in default under th mortgage. We are not obliged to make tax payments on the dates they are due or more often than once a year. If you have n paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created.

E. We will pay you interest on any credit balance in your tax account. The interest we pay will not be less than that paid t The Bank of Nova Scotia on savings-chequing accounts with the same credit balance. We will charge you interest on the debit balance in your tax account at the interest rate payable on the loan amount until the debit balance is paid to us in full.

F. If you fail to pay us any amount when it is due, we may apply the money in your tax account towards payment such amount.

G. We can deduct from the total final advance of the principal amount enough money to pay all taxes due on or befor the interest adjustment date and which have not been paid on the date the final advance is made.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive.

10. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us for any amount so paid.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off. We are authorized to retain any discharge which may be given for six months or more, if we consider it advisable to do so.

11. TRANSFER OF LEASES AND RENTS

A. If you have leased or, at a later date, lease all or part of your property to another person or persons, then, upon our written request, you will transfer and assign to us:

- i) All leases, lease agreements and their renewals;
- ii) All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and
- iii) All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

- i) You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);
- ii) Nothing we do under this paragraph 11 shall put us in possession of your property;
- iii) However, if you default under the mortgage, we have the right to take possession of your property; and
- iv) We are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

12. INSURANCE

You will without delay insure, and keep insured, in our favour and until the mortgage is discharged, all buildings covered by the mortgage (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the buildings (the maximum amount for which the buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance.

If you do not:

- — Maintain insurance on the buildings that, in our opinion, complies with this paragraph;
- — Deliver a copy of any insurance policy or receipt to us at our request; or
- — Provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option, be:

- a) Applied to rebuild or repair the damaged buildings;
- b) Paid to you;
- c) Paid to any other person who owns or did own the property, as established by the registered title; or
- d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 12 does not apply (and paragraph 22E does apply) if your property is a condominium unit.

13. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

- — Do not keep your property in good condition; or
- — Do or allow anything to be done that lowers the value of your property;

we can make any repairs we think are advisable. The costs of any inspections and any repairs we make are immediately payable by you.

14. ENVIRONMENTAL PROVISIONS

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

15. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

a) You default in making any regular monthly loan payment, or any other payment you are obliged to make to us under the mortgage.

b) You fail to comply with any of your other obligations under the mortgage.

c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.

d) Your property is abandoned.

e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.

f) You, or any party using your property with your permission, uses your property for illegal purposes.

16. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

- Use any available remedy (taken in your name or our name) to collect the income from your property;
- Take possession of your property or part of it; and
- Manage your property and maintain it in good condition.

From the income collected the receiver may:

a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.

b) Retain enough money to pay disbursements spent on collecting the income.

c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.

d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

17. ENFORCING OUR RIGHTS

A. Default in Payment

If you default in making any regular monthly loan payment or any other payment that you are obliged to make to us under the mortgage, we may enforce any one or more of the following remedies in any order:

i) Sue you — We may take such action as is necessary to obtain payment of the loan amount.

ii) Foreclose or sell your property — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iii) Power of sale — If you default in making any payment for 15 days, we can on 35 days' notice to you enter on your property and:

a) Take possession of it;

b) Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on those terms that can be obtained;

c) Lease it on such terms and for whatever period we may decide upon; or

d) Take any other remedy available to us under Ontario law.

Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to you, at our option, by one or more of the following means:

- Personal service at your last known address;
- Registered mail at your last known address;
- Publication in a newspaper published in the county or district where your property is located;
- Leaving it with an adult on your property; or
- Posting it on your property.

If default continues for three months, we may enter on, sell or lease your property without any notice unless notice is required by law.

We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.

B. Default in your obligations including default in payment — If you default in any obligation under the mortgage (including any default referred to in paragraph A), we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:

- Inspect, lease, collect rents or manage your property;
- Repair or put in order any building on your property; or
- Complete the construction of any building on your property.

We can also take whatever action is necessary to take possession, recover and keep possession of your property.

C. Sale of goods (commercial mortgage only) —

If this is a commercial mortgage and you fail to make any payment to us when it is due, we can distrain against your goods. This means we can take any goods on your property and sell them as permitted by Ontario law. We may apply the net proceeds from the sale to reduce any part of the loan amount. Taking this action does not put us in possession of your property nor make us accountable for any money except the money we actually receive.

D. You will not interfere — You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

E. Our expenses — You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession or your property, an allowance for the time and services of Scotia Mortgage Corporation's and/or The Bank of Nova Scotia's employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting our interest under the mortgage.

F Judgements — If we obtain a court judgement against you for your failure to comply with any of your obligations to us under the mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

18. DELAY IN ENFORCEMENT OF OUR RIGHTS

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 21 shall affect our rights to:

a) Receive all payments you are obliged to make to us, when they are due and payable.
b) Demand that you repay the loan amount and all interest which is due and payable, on any default by you.
c) Have you comply with all of your obligations to us under the mortgage.
d) Have any other person comply with the obligations that person has to us under the mortgage.

19. BUILDING MORTGAGE TERMS

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

20. RELEASING YOUR PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

If any part of the property, or any land adjoining the property, is taken by the exercise of any power of expropriation or similar power, the entire compensation which you may be entitled to receive shall, at our option, be applied to reduce the balance or the mortgage including any penalty, fee or interest to which we have a right under this mortgage or the relevant legislation.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

21. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will n be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrume registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.

22. CONDOMINIUM PROVISIONS

If your property is a condominium unit, you are also to comply with the provisions in this paragraph 22 in addition to all of t other provisions of the mortgage (except paragraph 12).

In this paragraph 22, the Condominium Act, as amended or re-enacted, is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium proper** has the same meaning as the word "property" in the Act.

A. You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to your property and provide us with proof of your compliance from time to time as we may request.

B. You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise o right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose establishing the amounts of the common expenses and the dates those amounts are due.

C. You will forward to us any notices, assessments, by–laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

D. You will maintain all improvements made to your unit and repair them after damage.

E. Insurance — In addition to the insurance which the corporation must obtain, you must:

i) Insure all improvements which you or previous owners have made to your unit;

ii) Obtain insurance for those additional risks that we require;

iii) Insure your common or other interest in buildings (whether presently existing or built in the future, both durin construction and afterwards) which are part of the condominium property or assets of the corporation if t corporation fails to insure the buildings or assets as required or if we require you to do so;

iv) Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation.

v) Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen days before the insurance expires or is terminated.

vi) Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

— Your property must be covered against destruction or damage by fire and other perils usually covered in fir insurance policies and against any other perils we require for its full replacement cost (the maximum amount for which it c be insured) in Canadian dollars;

— The insurance company and the terms of the policy must be satisfactory to us.

If you fail to insure your property as required in this paragraph 22, we can, but are not obliged to, obtain any insurance whic you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expens with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceed You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

To the extent permitted by law, insurance proceeds may, in whole or in part, at our option be:

a) Applied to rebuild or repair the damage to your property;

b) Paid to you;

c) Paid to any other person who owns or did own the property, as established by the registered title; or

d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

F. You must pay certain other expenses — In addition to our other rights and remedies contained in the mortgag you will pay us immediately all our expenses in relation to:

— Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at th meeting is required);

— The enforcement of our right to have the corporation or any owner comply with the Act, declaration, by-laws and rules; and

— Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine.

G. Voting and other rights — You authorize us to exercise your rights under the Act to vote, consent and dissent. Yc also authorize us to exercise your rights to:

— Demand the corporation purchase your unit and common interest, where provided under the Act;

— Elect to have the value of your unit and common interest or that of the condominium property determined arbitration;

— Receive your share of the corporation's assets and the proceeds from the sale of your unit and commc interest or of the condominium property or any part of the common elements.

- If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

Nothing done under this paragraph 22 puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

H. Our additional rights under the mortgage — You authorize us to do the following:

i) Inspect your property at any reasonable time.
ii) Do any needed maintenance or repairs after damage.
iii) Inspect the corporation's records
iv) Remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation.

I. Repayment of the loan amount may be accelerated — The loan amount will become payable immediately, at our option, if:

i) The corporation fails to comply with the Act and the declaration, by laws and rules of the corporation;
ii) The corporation fails to:
  — insure all the condominium units and common elements according to law and according to any additional requirements of ours;
  — insure its assets if we so require and according to our requirements;
  — provide us with proof that the insurance is in force, if we ask for it; or
  — do all that is necessary to collect insurance proceeds;
iii) The corporation does not, in our opinion, manage the condominium property and assets in a careful way;
iv) The corporation fails to keep the corporation's assets in good repair and working order;
v) The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;
vi) There has been substantial damage and the owners have voted for termination of the condominium;
vii) A sale of the condominium property or any part of the common elements is authorized.
viii) A court makes an order that the government of the condominium property by the Act be terminated; or
ix) The condominium property ceases to be governed by the Act.

Our rights will not be affected by the fact that we voted for or consented to such termination, sale or order or to the condominium property not being governed by the Act.

J. Termination of the corporation — If your property ceases to be governed by the Act:

— All the terms of the mortgage continue to apply;
— You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition;
— Your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this; and
— Any money received by us (after payment of all our expenses) may be applied to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you.

23. DISCHARGE

When our interest in your property comes to an end, we will provide, at our sole discretion, either a full discharge of our claim (which is called a Discharge of Charge/Mortgage) or a written confirmation that our claim has been discharged (which is called a Notification of Discharge). You will give us a reasonable time in which to prepare such documents and you will pay our usual administrative fee for preparing, reviewing, signing or registering the discharge document and all legal and other expenses we incur in so doing. In the event we provide you with a Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage we will prepare an assignment to the mortgage for you. You will give us a reasonable time in which to prepare and sign the assignment and you will pay our usual administrative fee for preparing, reviewing and signing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the documentation and for all costs relating to such registration.

24. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

25. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200507 Cote

26. STATUTORY COVENANTS EXCLUDED

The covenants set out in Section 7(1) of the Land Registration Reform Act, 1984, as amended or re-enacted, are exclud from the mortgage.

27. GUARANTEE

In this paragraph 27, **guarantor** means each person who signs the mortgage as guarantor. **Chargor** means the person or persons who sign the mortgage as chargor and **property** means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's paymer (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have r been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsit with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or givi notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initi term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from ar guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any securi (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

Dated this day of February, 2005

Craig Liddle
Assistant General Manager
Scotia Mortgage Corporation
I have the authority to bind the corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200507 Cot

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200508 Cote
Filing Date March 9th 2005 Date de Dépôt
Page 1 of/de 12 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

This is the French version of the standard charge terms filed under number 200507.
La presente liste consitiue la version francaise des clauses types de charge déposées sous la cote 200507.

Document déposé par la Societe hypothecaire Scotia
La liste des clauses types relatives aux charges hypothécaires suivante doit être réputée être comprise dans tout acte de charge dans lequel il est fait reference à la liste des clauses types sous la cote qui lui est attribuée, tel qu'il est-stipulé à l'article 9 de la Loi.

Société hypothécaire Scotia™

Charge variable/Hypothèque immobilière
(Loi sur l'enregistrement des droits immobiliers
et Loi sur l'enregistrement des actes)

Loi portant réforme de l'enregistrement immobilier

LISTE DE CLAUSES TYPES RELATIVES AUX CHARGES HYPOTHÉCAIRES N°

1. DÉFINITIONS

Dans le présent document, le terme **Acte de charge** désigne l'acte de charge (hypothèque) (formule 2) dans lequel il est fait référence à la liste des clauses types sous la cote qui lui est attribuée, ainsi qu'aux annexes qui l'accompagnent et au présent document. Les termes **vous** et **votre** désignent chacune des personnes y ayant apposé leur signature à titre de constituant. Les termes **nous** et **notre** désignent la Société hypothécaire Scotia, à titre de titulaire. Le terme votre **unité foncière** désigne le bien-fonds décrit à la case 5, tous les bâtiments qui y sont ou pourront dans l'avenir y être construits, ainsi que tous ajouts, modifications et améliorations dont ils pourront faire l'objet. Le terme **montant du principal** désigne le montant indiqué à la case 4 (Capital). Par **montant du prêt**, il faut entendre le montant variable du solde du prêt (intérêts compris) dont vous nous êtes redevable à une date quelconque au titre du prêt hypothécaire. Toute référence à la signature d'un document s'entend également d'une signature électronique.

Toute référence à une case s'entend dans ce document d'une case de la formule 2 (y compris toute annexe se rapportant à l'objet de cette case), et toute référence à la signature du document hypothécaire s'entend des signatures apposées sur la formule 2 ou sur toute annexe s'y rattachant. Toute référence aux articles et aux alinéas s'entend de ceux qui figurent dans le présent document.

Si le prêt hypothécaire en cause est un prêt hypothécaire assuré par la SCHL, il est consenti aux termes de la **Loi nationale sur l'habitation.**

2. OBLIGATIONS DÉCOULANT DU PRÊT HYPOTHÉCAIRE

En contrepartie de l'octroi par nous d'un prêt du montant en principal (dont, en apposant votre signature au bas du document hypothécaire, vous accusez réception), vous vous obligez comme suit :

i) si vous êtes propriétaire de votre unité foncière, à la grever d'une charge à notre profit et à celui de nos successeurs et cessionnaires (**nos ayants droit**);
ou
ii) si vous êtes locataire de l'unité foncière que vous habitez, à grever d'une charge vos droits dans cette unité foncière (toute option d'achat comprise) à notre profit et celui de nos ayants droit, pour la durée complète du bail;

à titre de garantie pour le remboursement du montant du prêt hypothécaire et l'exécution de vos autres obligations aux termes de ce prêt. Ce faisant, vous nous cédez, ainsi qu'à tout bénéficiaire d'un transfert éventuel de la charge, vos droits dans l'unité foncière.

Extinction de la garantie hypothécaire :

Notre intérêt dans l'unité foncière prend fin :

- lorsque le montant du prêt (intérêts compris) est remboursé intégralement, conformément aux dispositions du document hypothécaire; et
- que les autres obligations également prévues aux termes de ce document ont été remplies.

™ Marque de commerce de La Banque de Nouvelle-Écosse. La Société hypothécaire Scotia est un usager autorisé de cette marque.

3. INTÉRÊTS

A. Taux d'intérêt

Le taux d'intérêt applicable au montant du prêt est un taux variable, exprimé en taux annuel, équivalant à notre taux de référence du prêt hypothécaire à taux variable, plus, ou moins, le nombre de points de base par an indiqué à la case 9(b). Notre taux de référence du prêt hypothécaire à taux variable est établi le premier de chaque mois et est égal au taux de base de La Banque de Nouvelle-Écosse ce jour-là.

Les intérêts sont calculés semestriellement, non d'avance. Les intérêts au taux variable fixé sont payables sur le montant du prêt, tant après qu'avant la date du dernier versement, de défaillance de l'emprunteur et de jugement. Le taux d'intérêt variera automatiquement. Si le taux de référence de La Banque de Nouvelle-Écosse est modifié au cours du mois, votre taux d'intérêt ne changera pas avant le premier jour du mois suivant. Lorsque le présent prêt hypothécaire fait référence au taux d'intérêt payable sur le montant du prêt, l'expression désigne le taux de référence du prêt hypothécaire à taux variable plus, ou moins, le nombre de points de base par an indiqué à l'annexe et payable conformément aux dispositions susmentionnées.

Prêts hypothécaires assurés par la SCHL : À la suite d'une hausse du taux d'intérêt payable sur le montant du prêt, vous pouvez payer par anticipation la somme due aux termes du prêt hypothécaire sans avis ni prime ni frais d'administration, selon les modalités décrites ci-après. Premièrement, votre paiement anticipé doit inclure tous les montants que vous nous devez aux termes du prêt hypothécaire, sauf que les intérêts courus à compter de l'entrée en vigueur de l'augmentation jusqu'à la date du paiement anticipé seront calculés au taux d'intérêt payable sur le montant du prêt immédiatement avant l'augmentation. Deuxièmement, le paiement anticipé doit être versé dans les 21 jours suivant l'entrée en vigueur de l'augmentation. Si vous n'effectuez pas le paiement anticipé au cours de ladite période, vous serez lié par l'augmentation.

B. Comment connaître le taux d'intérêt

Après chaque modification du taux de référence du prêt hypothécaire à taux variable, nous vous enverrons un avis spécifiant le nouveau taux d'intérêt et sa date d'entrée en vigueur. L'avis sera envoyé à la dernière adresse connue qui figure dans nos dossiers. Toutefois, notre défaut de vous faire parvenir un avis ou le fait que vous ne l'ayez pas reçu n'empêchera pas la variation du taux. Le taux de référence du prêt hypothécaire à taux variable en vigueur à tout moment pourra être obtenu à toute succursale de La Banque de Nouvelle-Écosse au Canada ou à l'adresse www.banquescotia.com.

C. Intérêts composés

Si à la date d'échéance d'une mensualité vous omettez d'acquitter le montant dû, nous vous imputerons des intérêts sur le montant en souffrance (intérêts compris), jusqu'à son complet règlement. Ces intérêts, qui portent le nom d'intérêts composés, sont payables à la date d'échéance des mensualités. S'ajouteront à ces intérêts composés impayés, des intérêts calculés au taux applicable au montant du prêt, tant après qu'avant la date du dernier versement, et tant après qu'avant défaillance de l'emprunteur et jugement, et ce jusqu'à règlement complet.

4. REMBOURSEMENT DU PRÊT

A. Monnaie et lieu de paiement

Le montant du prêt est payable en monnaie canadienne. Les mensualités et autres paiements seront effectués à la succursale dont l'adresse figure à la case 15, ou à tout autre lieu que nous vous aurons indiqué. Les modalités de paiement sont les suivantes :

B. Intérêts exigibles au plus tard à la date d'ajustement de l'intérêt

Avant la date de début de vos versements mensuels à l'égard du prêt, vous nous paierez des intérêts au taux applicable au montant du prêt, sur tous les fonds que nous vous aurons avancés jusqu'à la date d'ajustement de l'intérêt ou, à notre gré, les intérêts pourront être prélevés sur des avances ultérieures. Les intérêts seront calculés à compter de la date de chaque avance et deviendront exigibles en versements mensuels le premier jour du mois suivant la date de chaque avance et le premier jour de chaque mois par la suite. Le solde des intérêts sur lesdites avances, le cas échéant (courus jusqu'à la date d'ajustement de l'intérêt exclusivement), sera exigible et devra être payé à la date d'ajustement de l'intérêt.

C. Échéance des versements après la date d'ajustement de l'intérêt

Le montant du principal, majoré des intérêts calculés à compter de la date d'ajustement de l'intérêt, est remboursable sous forme de versements mensuels.

Vos versements mensuels, basés sur le taux d'intérêt précisé à la case 9 (b), correspondront au montant inscrit à la case 9 (h). Le montant de vos paiements variera automatiquement le premier jour de chaque mois en fonction de chaque modification du taux de référence du prêt hypothécaire à taux variable. Chaque ajustement de paiement tiendra compte de la durée d'amortissement restante et du nouveau taux d'intérêt à la date de la modification. Chaque fois qu'il y a une modification du taux d'intérêt et du montant du paiement, nous vous informerons de vos nouveaux taux d'intérêt et montant de paiement dans les 30 jours précédant la modification. Si aucune modification n'est apportée au taux de référence du prêt hypothécaire à taux variable le premier jour du mois, le montant de vos paiements ne sera pas modifié et nous ne vous enverrons pas d'avis précisant un nouveau montant. Chaque versement mensuel comprend une tranche affectée au remboursement du principal et une tranche affectée au remboursement des intérêts courus à la date d'échéance de ce versement.

Vos versements mensuels commenceront à la date précisée à la case 9 (f) et continueront le PREMIER jour de chaque mois subséquent, pour prendre fin à la date précisée à la case 9 (g). La date à laquelle il vous incombe d'acquitter un versement est dite « date d'échéance du versement mensuel ». Chaque versement mensuel comprend une tranche affectée au remboursement du principal et une tranche affectée au remboursement des intérêts courus à la date d'échéance de ce versement.

Le solde du montant du principal ainsi que les intérêts échus sont payables à la date indiquée à la case 9 (i), qui correspond à celle indiquée à la case 9 (g) et qui est appelée « date du dernier versement ».

D. Imputation des versements mensuels

Chaque versement mensuel sera d'abord affecté au paiement des intérêts exigibles, puis à la réduction du montant du principal.

E. Paiement anticipé à la vente ou à l'inscription d'une hypothèque

Nous pouvons exiger que vous nous remboursiez sur-le-champ tous les montants que vous nous devez aux termes du prêt hypothécaire si vous vendez, transférez, hypothéquez votre propriété ou y inscrivez une charge. Cette disposition ne s'applique pas à une vente, à un transfert, à une hypothèque ou à une charge que nous aurions préalablement approuvés par écrit.

5. REMBOURSEMENT D'UN PRÊT HYPOTHÉCAIRE AVANT L'ÉCHÉANCE

Vous pouvez rembourser une partie ou la totalité de votre prêt hypothécaire par anticipation selon les modalités suivantes. Si nous convenons plus tard de modifier ou de proroger la durée du prêt, les conditions relatives au remboursement anticipé ne s'appliqueront pas à la nouvelle durée ou au prêt ainsi prorogé.

Option Temps d'arrêt

Vous pouvez omettre d'effectuer n'importe quel versement pourvu que vous ayez fait, pendant la durée du prêt en cours, un remboursement anticipé d'un montant égal au versement que vous désirez omettre et que votre prêt hypothécaire ne soit pas en souffrance. Toutefois, vous ne pouvez omettre, le cas échéant, de payer la prime d'assurance hypothécaire.

Maintien de vos obligations

À moins que vous n'ayez remboursé intégralement le solde en principal de votre prêt, vous devez continuer à acquitter régulièrement vos versements hypothécaires.

Remboursement anticipé

Si tous vos versements hypothécaires sont en règle, vous pouvez augmenter le montant de vos versements, ou rembourser par anticipation une partie de votre prêt selon l'une des trois options indiquées dans le tableau ci-après. Ces options s'appliquent uniquement aux remboursements anticipés partiels et peuvent être exercées chaque année, mais sans possibilité de report à une année ultérieure. Une année désigne une période de 12 mois commençant à la date d'ajustement de l'intérêt ou à la date anniversaire de cette date. Si la durée du prêt hypothécaire est inférieure à 12 mois, ces options peuvent être exercées au cours de chaque durée.

OPTIONS DE REMBOURSEMENT ANTICIPE		
Comment	Quand	Resultat
1 *En effectuant un versement hypothécaire supplémentaire (capital, intérêts et impôt foncier)	à n'importe quelle date de versement régulier,	le solde en principal de votre prêt hypothécaire est réduit de ce montant.
2. *En remboursant jusqu'à 15 % du montant initial en capital de votre prêt hypothécaire	n'importe quand (sauf le jour du remboursement intégral), la somme totale ne devant pas excéder le maximum annuel,	
3. En augmentant votre versement régulier d'un montant n'excédant pas 15 % du versement en capital et intérêts établi pour la durée du prêt hypothécaire	une fois chaque année de la durée de votre prêt hypothécaire,	

*Seules les options 1 et 2 permettent d'omettre un versement.

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dans les 30 jours précédant la modification. Si aucune modification n'est apportée au taux de référence du prêt hypothécaire à taux variable le premier jour du mois, le montant de vos paiements ne sera pas modifié et nous ne vous enverrons pas d'avis précisant un nouveau montant. Chaque versement mensuel comprend une tranche affectée au remboursement du principal et une tranche affectée au remboursement des intérêts courus à la date d'échéance de ce versement.

Vos versements mensuels commenceront à la date précisée à la case 9 (f) et continueront le PREMIER jour de chaque mois subséquent, pour prendre fin à la date précisée à la case 9 (g). La date à laquelle il vous incombe d'acquitter un versement est dite « date d'échéance du versement mensuel ». Chaque versement mensuel comprend une tranche affectée au remboursement du principal et une tranche affectée au remboursement des intérêts courus à la date d'échéance de ce versement.

Le solde du montant du principal ainsi que les intérêts échus sont payables à la date indiquée à la case 9 (i), qui correspond à celle indiquée à la case 9 (g) et qui est appelée « date du dernier versement ».

D. Imputation des versements mensuels

Chaque versement mensuel sera d'abord affecté au paiement des intérêts exigibles, puis à la réduction du montant du principal.

E. Paiement anticipé à la vente ou à l'inscription d'une hypothèque

Nous pouvons exiger que vous nous remboursiez sur-le-champ tous les montants que vous nous devez aux termes du prêt hypothécaire si vous vendez, transférez, hypothéquez votre propriété ou y inscrivez une charge. Cette disposition ne s'applique pas à une vente, à un transfert, à une hypothèque ou à une charge que nous aurions préalablement approuvés par écrit.

5. REMBOURSEMENT D'UN PRÊT HYPOTHÉCAIRE AVANT L'ÉCHÉANCE

Vous pouvez rembourser une partie ou la totalité de votre prêt hypothécaire par anticipation selon les modalités suivantes. Si nous convenons plus tard de modifier ou de proroger la durée du prêt, les conditions relatives au remboursement anticipé ne s'appliqueront pas à la nouvelle durée ou au prêt ainsi prorogé.

Option Temps d'arrêt

Vous pouvez omettre d'effectuer n'importe quel versement pourvu que vous ayez fait, pendant la durée du prêt en cours, un remboursement anticipé d'un montant égal au versement que vous désirez omettre et que votre prêt hypothécaire ne soit pas en souffrance. Toutefois, vous ne pouvez omettre, le cas échéant, de payer la prime d'assurance hypothécaire.

Maintien de vos obligations

À moins que vous n'ayez remboursé intégralement le solde en principal de votre prêt, vous devez continuer à acquitter régulièrement vos versements hypothécaires.

Remboursement anticipé

Si tous vos versements hypothécaires sont en règle, vous pouvez augmenter le montant de vos versements, ou rembourser par anticipation une partie de votre prêt selon l'une des trois options indiquées dans le tableau ci-après. Ces options s'appliquent uniquement aux remboursements anticipés partiels et peuvent être exercées chaque année, mais sans possibilité de report à une année ultérieure. Une année désigne une période de 12 mois commençant à la date d'ajustement de l'intérêt ou à la date anniversaire de cette date. Si la durée du prêt hypothécaire est inférieure à 12 mois, ces options peuvent être exercées au cours de chaque durée.

OPTIONS DE REMBOURSEMENT ANTICIPÉ		
Comment	**Quand**	**Résultat**
1. *En effectuant un versement hypothécaire supplémentaire (capital, intérêts et impôt foncier)	à n'importe quelle date de versement régulier,	le solde en principal de votre prêt hypothécaire est réduit de ce montant.
2. *En remboursant jusqu'à 15 % du montant initial en capital de votre prêt hypothécaire	n'importe quand (sauf le jour du remboursement intégral), la somme totale ne devant pas excéder le maximum annuel,	
3. En augmentant votre versement régulier d'un montant n'excédant pas 15 % du versement en capital et intérêts établi pour la durée du prêt hypothécaire	une fois chaque année de la durée de votre prêt hypothécaire,	

*Seules les options 1 et 2 permettent d omettre un versement.

Frais de remboursement anticipé
Lorsque vous remboursez par anticipation la totalité ou une partie de votre prêt hypothécaire, vous devez payer des frais, à moins que le remboursement partiel n'ait été effectué conformément à notre tableau des Options de remboursement anticipé. Les frais applicables à un remboursement anticipé, partiel ou intégral, du solde en principal de votre prêt hypothécaire correspondent à trois mois d'intérêt sur le montant du remboursement anticipé. Le taux d'intérêt utilisé aux fins du calcul des trois mois d'intérêt est le taux du prêt hypothécaire au moment du remboursement anticipé.

Remise en espèces
Si vous obtenez une remise en espèces au moment de l'octroi de votre prêt hypothécaire, le montant de cette remise devra nous être remboursé si le prêt est transféré à une autre institution financière avant l'échéance. Si le prêt est remboursé partiellement ou intégralement, transféré, pris en charge ou renouvelé avant que sa durée originale ne soit écoulée, la remise en espèces s'ajoutera à la somme exigible qui sera inscrite sur la prise en charge, la quittance ou le document de renouvellement anticipé. La partie remboursable de la remise sera établie au prorata, selon la formule suivante:

$$\text{Remise remboursable} = \frac{\text{Durée restante en mois (chiffre arrondi au chiffre supérieur)}}{\text{Durée initiale en mois}} \times \text{Remise reçue}$$

Prêt hypothécaire transférable
Vous avez la possibilité de transférer le solde de votre prêt hypothécaire sur une nouvelle maison. Il vous faut alors présenter une nouvelle demande de prêt et satisfaire de nouveau à tous nos critères habituels en matière de crédit hypothécaire. Dans ce cas, nous ne vous facturerons pas de frais de remboursement anticipé.

Option spéciale de renouvellement anticipé
Vous pouvez renouveler par anticipation votre prêt hypothécaire en prêt hypothécaire fermé à taux fixe auprès de nous, assorti d'une durée égale ou supérieure à la durée restante de votre prêt actuel, sans frais de remboursement anticipé.

6. DROIT DE PROPRIÉTÉ

A. À titre de propriétaire de votre unité foncière, vous attestez :
  i) être le propriétaire légitime de cette unité foncière;
  ii) être fondé en droit à nous consentir une hypothèque;
  iii) que votre titre de propriété est libre de toute charge;
  iv) que votre titre de propriété est libre de toute servitude, sauf les règles du code du bâtiment, les règlements relatifs au zonage et les servitudes régulièrement inscrites.

Les dispositions de l'alinéa A sont applicables, à moins que vous ne nous ayez informés par écrit que vous êtes locataire en vertu d'un bail de l'unité foncière que vous occupez; auquel cas les dispositions de l'alinéa B sont applicables.

B. À titre de locataire de l'unité foncière :
  i) Vous attestez que :
    a) cette unité foncière a été prise en location par vous ou vos ayants droit en vertu d'un bail, dont copie nous a été remise;
    b) le bail est en vigueur, a force probante et tous les renseignements que vous nous avez fournis à son sujet sont véridiques;
    c) tous les loyers payables en vertu du bail ont été acquittés jusqu'à la date de signature du document hypothécaire;
    d) vous avez le droit ou l'autorisation de céder, hypothéquer ou grever le bail;
    e) l'intérêt que vous détenez dans le bail, sauf stipulations contraires dans ce document, n'est assujetti à aucune limitation, restriction ou charge, à l'exception des règles du code du bâtiment, des règles de zonage et des servitudes régulièrement inscrites.

  ii) Vous vous obligez :
    a) à payer le loyer à l'échéance;
    b) à respecter les autres conditions du bail et à vous abstenir de tout ce qui pourrait entraîner sa résiliation;
    c) à ne pas rétrocéder le bail;
    d) à ne pas modifier le bail sans avoir obtenu au préalable notre consentement écrit;
    e) à nous remettre copie conforme de tout avis ou requête qui vous est adressé concernant le bail;
    f) à nous aviser sans délai, au cas où votre propriétaire vous ferait part de la résiliation anticipée de votre bail ou prendrait des dispositions à cet effet.

C. Vous éviterez tout ce qui pourrait porter atteinte à nos droits sur votre unité foncière.

D. Vous signerez tous autres documents et accomplirez toutes formalités que nous jugeons nécessaires pour assurer le transfert à notre profit de vos droits dans l'unité foncière.

7. USAGE DE VOTRE UNITÉ FONCIÈRE

Vous n'apporterez à votre unité aucun ajout, aucune modification ni amélioration et éviterez de l'utiliser à des fins professionnelles sans avoir obtenu au préalable notre consentement écrit. Vous ne devez pas utiliser votre unité foncière à des fins illicites.

8. NOUS N'AVONS AUCUNE OBLIGATION DE VOUS VERSER DES AVANCES AUX TERMES DU PRÊT HYPOTHÉCAIRE

Nous pouvons, si nous le jugeons à propos, pour un motif quelconque, nous abstenir de vous verser la totalité ou une partie du montant du principal, même si le document hypothécaire est déjà rédigé, signé ou enregistré, et qu'une partie du principal ait été ou non décaissée. En apposant votre signature sur le document hypothécaire, vous nous cédez tous vos droits sur l'unité foncière. Vous nous rembourserez, sur demande, de tous nos frais engagés pour constater vos droits sur cette unité foncière et pour la rédaction et l'enregistrement du document hypothécaire.

9. IMPÔTS ET TAXES

A. Vous acquitterez chaque mois, en même temps que le versement sur votre prêt une part du montant estimatif de **l'impôt foncier** payable sur votre unité foncière pour l'année qui suit. Fixé à un douzième du total de l'impôt foncier estimatif pour l'année considérée, le montant de cet impôt mensuel peut être rajusté pour tenir compte de toute modification apportée au taux d'imposition annuel applicable à votre unité foncière. La quote-part de l'impôt foncier ainsi acquitté mensuellement doit nous permettre de régler annuellement le montant intégral de votre impôt foncier au plus tard à la date d'échéance. Si votre impôt foncier est payable par versements, les paiements effectués mensuellement par vous à ce titre doivent nous permettre d'acquitter intégralement le total de vos versements au titre de l'impôt foncier au plus tard à la date d'échéance du premier versement.

B. Si, toutefois, un intervalle de moins d'un an sépare la date d'ajustement de l'intérêt de la date d'échéance annuelle des impôts fonciers ou de celle du premier versement à ce titre, vous nous paierez mensuellement des montants égaux durant cette période et au cours des douze mois qui suivront. Nous nous fonderons, pour fixer le montant de ces paiements mensuels, sur notre estimation du total des impôts fonciers payables pour les deux périodes, afin de nous permettre de percevoir de vous un montant suffisant pour régler intégralement ces impôts à leur échéance.

C. Vous nous réglerez également, sur demande, tout excédent des impôts fonciers sur le montant estimatif calculé par nous. Pour couvrir cet excédent, nous pouvons, si nous le jugeons à propos, majorer le montant acquitté par vous mensuellement à ce titre.

D. Le montant perçu par nous mensuellement sera affecté au paiement de vos impôts fonciers, sauf en cas de retard de paiement de votre part. Nous ne sommes nullement tenus de régler les impôts fonciers aux dates d'échéance ou plus d'une fois l'an. Nous acquitterons les impôts fonciers même si le montant reçu de vous est insuffisant, et votre compte d'impôts fonciers indiquera alors un solde débiteur, qui devra être immédiatement réglé. Nous n'avons pas à vous signaler que ce compte est débiteur.

E. Sur tout solde créditeur à votre compte d'impôts fonciers, des intérêts seront calculés à un taux d'intérêt non inférieur à celui versé par La Banque de Nouvelle-Écosse sur les comptes-chèques d'épargne ayant un même solde créditeur. Sur tout solde débiteur à votre compte d'impôts fonciers, des intérêts seront imputés au taux applicable au montant de votre prêt jusqu'au complet règlement de ce découvert.

F. À défaut de votre part d'acquitter tout montant qui nous est dû à l'échéance, nous pouvons prélever un tel montant sur les fonds en dépôt dans votre compte d'impôts fonciers.

G. Une somme peut être déduite du montant de la dernière avance payable au titre du principal du prêt pour assurer le règlement de tous les impôts fonciers payables jusqu'à la date d'ajustement de l'intérêt et non acquittés à cette date.

H. Vous nous transmettrez sans délai tous avis d'imposition, de cotisation, qui vous sont adressés.

10. PAIEMENTS EFFECTUÉS POUR VOTRE COMPTE

Il nous est loisible de libérer votre bien-fonds de tous privilèges, droits et charges qui, à notre avis, priment notre créance, et également d'acquitter les frais engagés par nous pour recouvrer les sommes non acquittées par vous à l'échéance, y compris les honoraires versés à notre avocat. Vous aurez à nous rembourser de tels frais dans les plus brefs délais. Au cas où nous libérerions votre bien-fonds de tous privilèges, droits et charges, il y aura subrogation en notre faveur des droits, titres et sûretés de la personne physique ou morale, société ou agence gouvernementale qui aura été ainsi désintéressée par nous. Nous sommes autorisés à retenir toute quittance qui pourrait être remise pendant six mois ou plus, si nous jugeons utile de le faire.

11. CESSION DES BAUX ET DES LOYERS

A. En cas de location actuelle ou éventuelle à des tiers de la totalité ou d'une partie de votre unité foncière, sur notre demande écrite, vous nous transférerez et céderez :

- i) tous baux, contrats de location et renouvellements s'y rapportant;
- ii) tous loyers et toutes sommes exigibles aux termes des baux et contrats de location. Nous pourrons, toutefois, vous autoriser à percevoir les loyers, pourvu que vos versements soient en règle et que vous vous soyez conformé à vos autres obligations en vertu du prêt hypothécaire;
- iii) tous droits afférents aux baux et aux contrats de location ayant une incidence sur l'unité foncière.

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B. Vous acceptez de plus les conditions suivantes :

i) vous obtiendrez notre consentement écrit avant de consentir de nouveaux baux ou de renouveler un bail en cours (sauf s'il s'agit d'un renouvellement prévu aux termes d'un bail déjà conclu);

ii) aucune intervention de notre part aux termes du présent alinéa 11 ne pourra nous mettre en possession de votre unité foncière;

iii) en cas de défaut de paiement de votre part, toutefois, nous sommes habilités à prendre possession de votre unité foncière;

iv) nous n'avons aucune obligation de percevoir les loyers ou autres revenus ni de nous conformer aux conditions d'un bail ou d'un contrat de location.

12. ASSURANCES

Vous devez sans délai assurer et tenir constamment assurés à notre profit et jusqu'à libération de l'hypothèque, tous les immeubles grevés par cette hypothèque (y compris, tant pendant qu'après les travaux, ceux qui pourront être construits dans l'avenir) contre les risques de perte ou de dommages par incendie et autres risques habituellement couverts par les polices d'assurance-incendie et contre tous autres risques qu'il nous appartient de déterminer. Une telle assurance sera souscrite auprès d'un assureur ayant notre agrément, pour un montant en dollars canadiens correspondant à la valeur de remplacement de l'immeuble (montant maximum pouvant être souscrit). Établie dans des formes jugées par nous acceptables, cette assurance comportera les garanties annexes et une clause nous désignant comme bénéficiaire de l'indemnité en cas de sinistre. Vous nous transférerez, sur notre demande, toutes les polices d'assurance et quittances afférentes aux immeubles, ainsi que le produit de telles assurances.

À défaut de votre part :

– de tenir les immeubles assurés d'une façon que nous jugeons conforme aux instructions qui précèdent;

– de nous remettre, sur notre demande, toute police d'assurance ou toute quittance;

– de nous fournir, sur demande, au moins quinze jours complets avant la date d'expiration ou de résiliation d'une assurance, une preuve de renouvellement ou de souscription d'une nouvelle assurance,

nous pouvons, sans y être tenus, souscrire une assurance sur les immeubles hypothéqués et le montant de la prime d'une telle assurance s'ajoutera à la somme que vous nous devez aux termes du prêt hypothécaire et portera intérêt au taux applicable à celui-ci. Vous acquitterez cette prime à l'échéance de la mensualité la plus rapprochée. En cas de perte ou dommage, vous nous fournirez immédiatement, à vos frais, toutes les preuves du sinistre, et vous accomplirez toutes les formalités nécessaires pour nous permettre d'obtenir le paiement de l'indemnité. La remise à l'assureur d'un exemplaire du présent document constituera une autorisation suffisante lui permettant de nous verser le montant de cette indemnité ou d'accepter nos instructions relatives au règlement du sinistre.

À notre choix, le montant de l'indemnité peut en totalité ou en partie :

a) être affecté à la reconstruction ou à la réparation des immeubles endommagés;

b) vous être versé;

c) être versé à une autre personne propriétaire ou ex-propriétaire de l'unité foncière, selon ce qu'indique le titre de propriété inscrit;

d) être affecté à la réduction intégrale ou partielle du montant du prêt, qu'il soit ou non arrivé à échéance.

Si votre unité foncière est une partie privative d'une copropriété, les dispositions de la partie E de l'article 22 sont applicables mais non celles du présent article 12.

13. MAINTIEN DES LIEUX EN BON ÉTAT

Vous veillerez à maintenir les locaux en bonne condition et à y effectuer toutes les réparations nécessaires. Vous ne ferez et n'autoriserez personne à faire quoi que ce soit qui puisse diminuer la valeur de l'unité foncière. Nous pouvons en faire l'inspection à toute heure raisonnable. Au cas où nous jugerions que :

— vos locaux ne sont pas tenus en bon état;

— vous faites ou tolérez quoi que ce soit susceptible de diminuer la valeur de votre unité foncière;

nous pouvons effectuer les réparations que nous jugeons souhaitables. Vous nous rembourserez immédiatement tous frais d'inspections et de réparations engagés par nous.

14. DISPOSITIONS RELATIVES À L'ENVIRONNEMENT

Nous (et, aux fins du présent article, la Société canadienne d'hypothèques et de logement, s'il s'agit d'un prêt assuré par cette société) pouvons inspecter l'unité foncière et les bâtiments qui s'y trouvent, quand nous le jugeons à propos. Nous pouvons procéder à de telles inspections à toutes fins utiles, mais en particulier pour effectuer des analyses d'ambiance, des évaluations des lieux et les vérifications ou études que nous jugeons nécessaires. Les frais engagés pour de telles évaluations, vérifications ou études seront à votre charge et devront nous être remboursés dès réception d'un avis à cet effet. S'ils ne sont pas acquittés sur demande, ces frais s'ajouteront au solde de votre prêt et porteront intérêt au taux applicable à ce prêt. Aucune intervention de notre part en application des dispositions du présent article n'est assimilable à une prise de contrôle de votre unité foncière.

15. EXIGIBILITÉ ANTICIPÉE DU PRÊT

Nous pouvons exiger le paiement immédiat du montant du prêt dans les circonstances suivantes :

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a) vous omettez d'acquitter une mensualité à l'échéance ou tout autre paiement dont vous nous êtes redevable aux termes du prêt;

b) vous ne remplissez pas certaines autres obligations contractées en vertu du prêt hypothécaire;

c) un privilège est inscrit à l'encontre de votre unité foncière ou nous sommes avisés par écrit qu'un privilège a été constitué en raison du non-paiement des impôts fonciers, des charges communes dans le cas d'un logement en copropriété ou condominium, d'un jugement, du privilège d'un constructeur ou d'autres charges semblables;

d) votre unité foncière est abandonnée;

e) des travaux de construction, d'agrandissement, de rénovation entrepris sur votre unité foncière demeurent inachevés, l'arrêt des travaux se poursuivant depuis trente jours consécutifs;

f) vous, ou un tiers utilisant votre unité foncière avec votre autorisation, utilisez votre unité foncière à des fins illicites.

16. NOMINATION D'UN SÉQUESTRE

Si vous omettez d'acquitter une mensualité à l'échéance ou tout autre paiement dont vous nous êtes redevable, ou de satisfaire aux obligations contractées aux termes du prêt hypothécaire, nous pouvons désigner par écrit un séquestre (y compris un séquestre-gérant) qui sera chargé de percevoir les revenus afférents à votre unité foncière. Nous pouvons également désigner par écrit un nouveau séquestre en remplacement de celui désigné par nous précédemment. Le séquestre est réputé être votre mandataire et non le nôtre et vous assumez la responsabilité de ses manquements. Le séquestre est habilité :

- à exercer tout recours disponible (en votre nom ou au nôtre) en vue de percevoir les revenus afférents à votre unité foncière;
- à prendre possession de la totalité ou d'une partie de votre unité foncière;
- à l'administrer et à la conserver en bon état.

Sur les revenus perçus, le séquestre peut :

a) conserver une commission égale à 5 % du total des fonds perçus, ou d'un taux plus élevé autorisé par un juge ou un autre fonctionnaire public;

b) conserver une somme suffisante pour acquitter les frais engagés pour percevoir ces revenus;

c) acquitter tous impôts et taxes, primes d'assurance, frais d'entretien de votre propriété, intérêts dus, toutes charges qui priment notre créance hypothécaire et intérêts connexes;

d) acquitter les intérêts qui nous sont dus en vertu du prêt hypothécaire et nous verser toute autre somme payable aux termes de ce prêt, qu'elle soit échue ou non.

Aucun acte du séquestre ne peut nous mettre en possession du bien-fonds ni nous oblige à rendre compte de quelque montant d'argent que ce soit sauf celui que nous avons effectivement reçu.

17. EXERCICE DE NOS DROITS

A. Défaut de paiement

En cas de non-paiement d'une mensualité à l'échéance ou de tout autre paiement auquel vous êtes tenu en vertu du prêt hypothécaire, nous pouvons exercer un ou plusieurs des recours suivants, sans ordre prédéterminé :

i) vous intenter, s'il y a lieu, une action afin d'obtenir le remboursement du montant du prêt;

ii) exercer un droit de forclusion ou vendre le bien - Nous pouvons entamer une poursuite en vue d'obtenir une ordonnance de forclusion de vos droits, titre et droit de rachat sur la totalité ou une partie de votre unité foncière. Si nous obtenons une ordonnance définitive portant forclusion, votre unité foncière deviendra de plein droit notre propriété.
Nous pouvons également nous adresser à un tribunal pour que soit ordonnée la vente de votre unité foncière. Le tribunal, s'il émet une telle ordonnance, surveillera le déroulement de la procédure. Le produit net de la vente sera affecté à la réduction du montant du prêt. Toute somme restante, une fois les créances réglées, vous sera remise. Si le produit de la vente ne couvre pas intégralement le montant du prêt, vous aurez à nous verser la différence.

iii) Pouvoir de vente - Lorsqu'un paiement est en souffrance depuis quinze jours, nous pouvons, moyennant un préavis de 35 jours, pénétrer dans vos locaux et :

  a) en prendre possession;

  b) vendre la totalité ou une partie de votre unité (au comptant ou à crédit, ou partiellement au comptant et partiellement à crédit) par vente publique ou de gré à gré, au prix et aux conditions qu'il appartient de déterminer;

  c) le donner en location, à des conditions et pour une durée qu'il nous appartient de déterminer;

  d) exercer tout autre recours à notre disposition en vertu des lois de l'Ontario.

Tout avis vous sera signifié à vous et aux autres intéressés dans les formes requises par la loi au moment de la signification. En l'absence de telles exigences, notification peut vous être donnée de l'une ou plusieurs des façons suivantes :

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- notification en personne à votre dernière adresse connue;
- envoi recommandé à votre dernière adresse connue;
- avis dans un journal publié dans le comté ou la localité où se trouve votre unité foncière;
- remise sur place à un adulte;
- affichage d'un avis sur votre propriété.

Après un retard de paiement de trois mois, nous sommes fondés à pénétrer dans vos locaux, à vendre ou louer votre propriété, sans vous adresser un préavis, sauf s'il est requis par la loi.

Le produit net de la vente ou de la location peut être affecté en réduction du montant du prêt et tout solde restant, une fois les créances remboursées, vous sera remis. Si le montant que nous touchons de la vente ou de la location de votre unité foncière ne couvre pas entièrement le montant du prêt, vous aurez à nous verser la différence.

B. Manquement aux obligations, défaut de paiement compris - Si vous manquez aux obligations qui vous incombent aux termes du prêt hypothécaire (défaut de paiement explicité sous A compris), nous sommes fondés à exercer nos droits susmentionnés, à pénétrer dans votre propriété en tout temps, sans la permission de quiconque, et à prendre toutes mesures que nous jugeons souhaitables aux fins suivantes :

- inspecter, louer, ou administrer votre propriété, et percevoir tous loyers;
- y réparer ou remettre en état tout bâtiment;
- y achever la construction de tout bâtiment.

Nous pouvons également prendre toutes mesures nécessaires pour prendre, recouvrer et conserver la possession de votre unité foncière.

C. Vente de biens (prêts hypothécaires commerciaux uniquement) -
Si le prêt en cause est un prêt hypothécaire commercial, en cas de non-paiement d'une mensualité à l'échéance, nous pouvons saisir vos marchandises. En d'autres termes, il nous est loisible de prendre ces marchandises et de les vendre, en tenant compte des lois de l'Ontario. Le produit net d'une telle vente peut être appliqué en réduction du montant du prêt. Une telle intervention ne peut nous mettre en possession de votre unité foncière, ni engager notre responsabilité à l'égard de sommes quelconques, sauf celles réellement perçues.

D. Aucune opposition de votre part - Vous vous abstiendrez de faire opposition à la prise de possession par nous de votre unité foncière (si cette prise de possession découle de l'exercice de nos droits précités), ainsi qu'à la prise de possession par des tiers, en cas de vente ou de location par nous ou par un syndic. Vous vous engagez, en pareil cas, à ne pas présenter de demande d'indemnité à l'acquéreur, au locataire, au syndic ou à quiconque pourra en faire l'acquisition ou la location par la suite.

E. Nos frais - Vous vous engagez à nous rembourser immédiatement tous les frais engagés pour faire valoir nos droits, notamment ceux engagés pour prendre ou garder possession de votre unité foncière, la rémunération des services du personnel de la Société hypothécaire Scotia et/ou de La Banque de Nouvelle-Écosse, les honoraires versés à notre avocat, et tous autres frais relatifs à la protection de nos droits en vertu du prêt hypothécaire.

F. Jugements - Au cas où un jugement serait rendu contre vous du fait de l'inobservation de vos obligations aux termes du prêt hypothécaire, il n'y aura pas alors confusion des droits découlant d'un tel jugement avec nos autres recours ou droits, aux fins d'assurer l'exécution de vos autres obligations en vertu de ce prêt. Nous continuerons d'avoir droit au paiement d'intérêts calculés sur le montant du prêt au taux qui lui est applicable, aux intervalles prévus aux termes du prêt hypothécaire. Les intérêts prévus en cas de jugement sont calculés aux mêmes conditions que ceux payables sur le montant du prêt; et ce, jusqu'à ce que le jugement ait cessé de produire ses effets.

18. EXERCICE DIFFÉRÉ DE NOS DROITS

Ni un délai de paiement ou une prorogation de la durée consenti à vous ou à une autre personne préalablement à l'exercice de nos droits aux termes de l'acte d'hypothèque et ni la conclusion d'un accord visé à l'article 21, n'aura une incidence sur nos droits énumérés ci-après :

a) recevoir tous paiements dont vous nous êtes redevable, lorsqu'ils sont dus et exigibles;
b) exiger le remboursement du montant du prêt et de tous intérêts échus, en cas de défaut de paiement de votre part;
c) exiger l'accomplissement des autres obligations qui vous incombent aux termes du prêt hypothécaire;
d) assurer le respect des obligations contractées envers nous par toute autre personne aux termes du prêt hypothécaire.

19. PRÊT HYPOTHÉCAIRE À LA CONSTRUCTION

Par amélioration, il faut entendre toute modification, ajout ou réparation apporté à un bâtiment faisant partie de votre unité foncière, ou toute construction, aménagement ou installation, qui y est effectué. Si l'objet du prêt est de financer une telle amélioration, vous devez nous en informer par écrit immédiatement et avant le décaissement de toute avance aux termes de ce prêt. Vous nous remettrez également sans délai copies de tous contrats et contrats de sous-traitance ayant trait à ces travaux et de toutes dispositions modificatives s'y rapportant. Les travaux seront effectués uniquement selon des contrats, des plans et devis ayant reçu au préalable notre approbation écrite. Ces travaux de construction ou d'amélioration seront effectués avec toute la diligence possible et sur demande, vous nous fournirez tous documents justifiant du paiement de ces travaux. Nous vous consentirons des avances (à valoir sur le montant du principal) d'après l'avancement des travaux, jusqu'à l'achèvement et l'occupation ou la vente de votre unité foncière. Il nous appartient de déterminer si et à quel moment il y a lieu de verser des avances. Quel que soit l'objet du prêt, nous pouvons, si nous le jugeons à propos, faire une retenue sur le montant des avances, jusqu'à ce que nous ayons la certitude que vous vous êtes conformé aux dispositions relatives aux retenues contenues dans la Loi sur le privilège dans l'industrie de la construction, et dans toute version modifiée de cette loi. Vous nous autorisez à fournir des renseignements concernant le prêt hypothécaire à toute personne bénéficiant d'un privilège du constructeur.

20. MAINLEVÉE DE L'HYPOTHÈQUE SUR VOTRE UNITÉ FONCIÈRE

Nous pouvons fixer les conditions pour la mainlevée de nos droits sur la totalité ou une partie de votre unité foncière (nous pouvons en d'autres termes la libérer totalement ou partiellement de cette charge), que nous ayons ou non reçu valable contrepartie. En cas de libération partielle de votre unité foncière, la partie restante continuera de garantir le montant du prêt. Nous n'avons à rendre compte que des sommes effectivement perçues.

Au cas où il y aurait lotissement de votre unité foncière avant l'extinction de nos droits en vertu de l'hypothèque, chaque parcelle garantira l'intégralité du montant de notre créance, même en cas de mainlevée applicable à une autre partie de votre unité foncière.

Si une partie de votre unité foncière, ou toute propriété adjacente à votre unité foncière, fait l'objet d'une expropriation ou d'une autre action semblable, la contrepartie totale à laquelle vous pourriez avoir droit pourra, à notre gré, être appliquée à la réduction du solde ou du prêt hypothécaire, incluant toute pénalité, tous frais ou intérêts auxquels nous avons droit aux termes du prêt hypothécaire en cours ou en vertu des lois applicables.

Nous avons la liberté de vous décharger, de même que tout garant ou toute autre personne, de l'exécution de toute obligation stipulée dans le document hypothécaire ou dans tout document constitutif de garantie, sans que soit libérée de l'hypothèque ou de toute autre sûreté une part quelconque de l'unité foncière. Une telle décharge ne s'étendra pas aux autres personnes ayant contracté des obligations aux termes du prêt hypothécaire.

21. RENOUVELLEMENT OU MODIFICATION DU PRÊT HYPOTHÉCAIRE

Nous pouvons passer des conventions écrites avec vous (ou avec toute personne à qui votre unité foncière est transférée) afin d'apporter aux conditions du prêt hypothécaire des modifications telles que la prorogation des délais de paiement, le renouvellement ou la prolongation de la durée, la modification du taux d'intérêt, etc. Que votre unité foncière soit grevée ou non d'une autre charge au moment de la passation de la convention, l'enregistrement d'un tel acte modificatif ne sera pas requis pour maintenir le rang prioritaire de l'hypothèque sur tout autre instrument enregistré après l'octroi du prêt. Toute référence dans le présent document au prêt hypothécaire s'entend du prêt hypothécaire tel que modifié par une telle convention.

22. DISPOSITIONS RELATIVES AUX CONDOMINIUMS

Si votre unité foncière est une partie privative d'un condominium, vous devez respecter les modalités énoncées dans le présent article 22, en plus des autres dispositions du présent document (à l'exception de celles qui figurent à l'article 12).

Dans le présent article, le terme Loi désigne la Loi sur les condominiums, y compris toutes dispositions nouvelles ou modifiées de cette loi. Les termes utilisés ci-après ont le sens qui leur est attribué dans la Loi, sauf que l'expression propriété condominiale a le même sens que le terme « bien » utilisé dans la Loi.

A. Vous vous engagez à vous conformer aux dispositions de la Loi, ainsi qu'à la déclaration, au règlement administratif et aux règles de l'association condominiale visant votre unité foncière, et à nous fournir, sur demande, des preuves que vous respectez ces exigences.

B. Vous règlerez à l'association condominiale, aux dates d'échéance, le montant des dépenses communes. Si, par ailleurs, nous exerçons notre droit de percevoir de vous votre quote-part de ces dépenses, vous nous en ferez tenir le montant, au reçu d'un avis de notre part à cet effet. Nous pouvons nous fonder sur un relevé présumément émis par l'association condominiale comme d'une preuve suffisante du montant des dépenses communes et de leur date d'échéance.

C. Vous nous ferez parvenir tous avis, évaluations, règlement administratif, règles et états financiers que l'association condominiale peut ou doit vous adresser.

D. Vous veillerez à tenir en bon état les améliorations apportées à votre unité et à y effectuer, s'il y a lieu, les réparations nécessaires.

E. Assurances - Indépendamment des assurances que doit souscrire l'association, vous êtes tenu :

- i) d'assurer les améliorations apportées par vous-même ou les précédents propriétaires à votre unité;
- ii) de souscrire une assurance pour les risques supplémentaires que nous pouvons vous indiquer;
- iii) de tenir assurés vos droits indivis ou autres dans les immeubles en copropriété (actuels ou futurs, au stade de la construction et par la suite), qui font partie de la propriété condominiale ou des actifs de l'association condominiale, si celle-ci néglige de le faire ou si nous vous donnons des instructions à cet effet;
- iv) de faire cession à notre profit de vos polices d'assurance et (dans les limites permises par la loi) de vos droits sur les polices souscrites par l'association;

v) de nous fournir une preuve que l'assurance est en vigueur, ainsi qu'un justificatif du renouvellement ou du remplacement de l'assurance, dans les quinze jours qui précèdent son expiration ou sa résiliation;

vi) d'accomplir toutes les formalités nécessaires pour assurer le paiement de l'indemnité prévue.

Les polices d'assurance souscrites par vous (et par l'association) doivent être conformes aux règles suivantes :

- votre unité condominiale doit être assurée contre les dommages ou la destruction causés par l'incendie et tous les autres risques habituellement couverts par les polices d'assurance-incendie, et contre tous autres risques stipulés par nous à la pleine valeur de remplacement (montant maximum de la couverture) en dollars canadiens;
- la compagnie d'assurances et les modalités de la police doivent avoir notre agrément.

À défaut de votre part d'assurer votre unité condominiale en accord avec les dispositions du présent article 22, nous pouvons, sans y être tenus, souscrire à votre place les assurances requises, et vous nous rembourserez aussitôt les primes s'y rapportant. En cas de sinistre, vous nous fournirez à vos frais, pour le compte de l'association condominiale et en votre nom, les preuves requises, et vous accomplirez les formalités nécessaires pour nous permettre d'obtenir le paiement de l'indemnité. Vous ferez en sorte que l'association condominiale s'acquitte de ses charges et obligations aux termes de la **Loi sur les condominiums** et de son règlement administratif.

Le produit de l'assurance peut, dans les limites permises par la loi, être imputé en totalité ou en partie comme suit :

a) être affecté à la reconstruction ou à la réparation de l'unité;

b) vous être versé;

c) être versé à toute autre personne propriétaire ou ex-propriétaire de l'unité, selon ce qu'indique le titre de propriété;

d) être affecté, si nous le jugeons à propos, à la réduction d'une partie du montant du prêt, qu'il soit ou non arrivé à échéance.

F. Frais supplémentaires à votre charge - Outre les charges afférentes à nos autres droits et recours aux termes du prêt hypothécaire, vous aurez à nous régler sans délai les frais engagés par nous du fait :

- de tout règlement administratif, de toute résolution, règle ou autre point (sauf dans le cas où un vote de la majorité présente à l'assemblée est requis);
- de l'exercice de nos droits pour obtenir de l'association ou de tout propriétaire l'adhésion à la loi, à la déclaration, au règlement administratif et aux règles;
- de l'exercice de tout droit de vote dont nous pouvons disposer.

Lorsque nos frais concernent également d'autres unités, vous n'aurez à acquitter que les frais applicables à la vôtre.

G. Droits de vote et autres droits - Vous nous autorisez à exercer, aux termes de la Loi, votre droit de vote pour ou contre la question mise aux voix. Nous sommes également autorisés à exercer vos droits aux fins suivantes :

- exiger de l'association qu'elle rachète votre unité et vos droits indivis, lorsque la Loi le permet;
- faire évaluer votre unité et vos droits indivis ou la propriété condominiale par voie d'arbitrage;
- recevoir votre part de l'actif de l'association et le produit de la vente de votre unité et de vos droits indivis ou de la propriété condominiale ou d'une des parties communes.

Vous pourrez exercer vos droits, selon les instructions que nous pourrons vous donner, si nous choisissons de ne pas les exercer. Avant une telle intervention de votre part, vous obtiendrez au préalable notre autorisation écrite. Une telle autorisation est requise même si nous ne disposons pas vis-à-vis de l'association d'un tel droit d'intervention, et même si nous avions déjà pris des mesures pour vous permettre d'exercer ce droit.

Aucun acte accompli par nous en application des dispositions du présent article n'aura pour effet de nous mettre en possession de votre propriété condominiale. Nous ne nous tenons nullement responsables des actes autorisés par vous que nous pourrions accomplir ou du défaut d'exécution de tels actes. Nous pouvons en tout temps révoquer les dispositions prises par nous pour vous permettre d'exercer vous-même les pouvoirs que vous nous aviez délégués.

H. Nos autres droits en vertu du prêt hypothécaire - Vous nous autorisez de plus à :

i) inspecter votre propriété condominiale à tout moment jugé raisonnable;

ii) y effectuer des travaux de réfection ou de réparation au cas où elle subirait des dommages;

iii) examiner les registres de l'association;

iv) intervenir au cas où vous négligeriez d'observer les dispositions de la Loi, de la déclaration, du règlement administratif et des règles de l'association.

I. Exigibilité anticipée du montant du prêt - Le montant du prêt peut, à notre gré, devenir payable immédiatement dans les circonstances suivantes :

i) l'association omet de se conformer à la Loi, à la déclaration, au règlement administratif et aux règles de ladite association;

ii) l'association néglige :

  - de tenir assurées les unités condominiales et les parties communes conformément aux dispositions de la Loi et aux exigences supplémentaires que nous pouvons fixer;

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- d'assurer ses éléments d'actif, sur notre demande et selon nos stipulations;
- de nous fournir, sur demande, une preuve que l'assurance est en vigueur;
- d'accomplir les formalités requises pour obtenir de la compagnie d'assurances, le cas échéant, le paiement de l'indemnité;

iii) l'association ne s'acquitte pas, à notre avis, de la gestion de la propriété condominiale et des éléments d'actif, comme il convient;

iv) l'association omet de tenir ses éléments d'actif en règle et en bon état de fonctionnement;

v) l'association apporte aux parties communes ou à ses éléments d'actif des modifications importantes sans avoir obtenu au préalable notre autorisation;

vi) les propriétaires ont subi des dommages substantiels et votent en faveur de la dissolution de la propriété condominiale;

vii) la vente de la propriété condominiale ou d'une part des parties communes est autorisée;

viii) un tribunal émet une ordonnance afin que la propriété condominiale cesse d'être régie par la Loi;

ix) la propriété condominiale cesse d'être régie par la Loi.

Le fait d'avoir voté pour ou consenti à une telle dissolution, à la vente ou à une ordonnance de vendre la propriété condominiale, ou le retrait de l'association de l'autorité de la Loi, n'auront aucune incidence sur l'intégrité de nos droits.

J. Dissolution de l'association - Au cas où votre propriété condominiale cesserait d'être régie par la Loi :

- les conditions du prêt hypothécaire continueront de s'appliquer;
- vous nous autorisez à conclure un accord avec un tiers sur le partage de la propriété condominiale. Nous paierons ou percevrons toute somme requise pour assurer un partage égal et vous nous rembourserez aussitôt toute somme que nous aurons ainsi déboursée. Nous sommes habilités à signer tous documents et à accomplir tous actes nécessaires à la réalisation de ce partage;
- vous nous remettrez une somme égale à votre part des éléments d'actif et au produit de la vente de votre unité et des intérêts communs, ou de la propriété condominiale ou d'une part des éléments communs (sauf notification contraire de notre part formulée par écrit) et vous prendrez toutes mesures nécessaires à cette fin;
- les sommes ainsi encaissées par nous (déduction faite de nos frais) pourront être affectées en réduction du montant du prêt, et remise vous sera faite de tout solde résiduel après paiement intégral de notre créance.

23. MAINLEVÉE

Lorsque nos droits sur l'unité foncière prennent fin, nous vous préparons, comme il nous convient, une quittance complète (Mainlevée de la charge/hypothèque immobilière) ou une confirmation écrite d'une telle quittance (Avis de mainlevée). Vous devez nous accorder un délai suffisant pour la préparation d'un tel document et nous payer les frais courants que nous exigeons pour la préparation, l'examen, la signature et l'enregistrement de la quittance, ainsi que tous nos frais juridiques et autres que nous avons engagés à cette fin. Les formalités et les frais d'enregistrement de la Mainlevée de la charge/hypothèque immobilière vous incombent.

Lorsque nos droits sur l'unité foncière prennent fin, et si vous nous demandez de céder le prêt hypothécaire, nous vous préparons une cession de prêt hypothécaire. Vous devez nous accorder un délai suffisant pour la préparation et la signature de la cession de prêt hypothécaire et nous payer les frais courants que nous exigeons pour la préparation, l'examen et la signature du document, ainsi que tous nos frais juridiques et autres que nous avons engagés à cette fin. Les formalités et les frais d'enregistrement vous incombent.

24. INTITULÉS

Les intitulés sont destinés à faciliter la lecture du texte et n'en font pas partie intégrante.

25. PARTIES LIÉES AUX TERMES DU PRÊT HYPOTHÉCAIRE

Vous convenez de vous conformer à toutes les conditions et obligations explicitées dans l'acte de prêt hypothécaire, lequel liera également vos héritiers, représentants successoraux, successeurs et ayants droit, nos successeurs, ayants droit et représentant légaux et toute personne à qui votre unité foncière aura été transférée. Il engage également tout bénéficiaire d'une cession effectuée à notre initiative. Les personnes qui apposent leur signature sur ce document à titre de constituant sont responsables collectivement et individuellement (c'est-à-dire conjointement et solidairement) de l'accomplissement des obligations contractées en vertu du prêt hypothécaire.

26. EXCLUSION DE CERTAINES DISPOSITIONS LÉGALES

Les obligations énoncées à l'article 7 (1) de la Loi portant réforme de l'enregistrement immobilier, 1984, et dans les dispositions nouvelles ou modificatives s'y rattachant, ne font pas partie intégrante des obligations contractées aux termes du prêt hypothécaire.

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27. CAUTIONNEMENT

Dans le présent article, le terme garant désigne toute personne ayant signé le document hypothécaire à titre de garant. Le terme constituant désigne la ou les personnes qui y ont apposé leur signature à ce titre et le terme unité foncière désigne le bien grevé de l'hypothèque.

En contrepartie du prêt consenti par nous au constituant, le garant ayant apposé sa signature sur le document hypothécaire, garantit le paiement des versements à la charge dudit constituant (intérêts compris et qu'il y ait ou non modification du taux d'intérêt) et l'observation de ses autres obligations aux termes du prêt. Au cas où le constituant omettrait d'acquitter un versement ou de s'acquitter de quelque obligation aux termes du prêt hypothécaire, le garant s'oblige à se substituer à celui-ci pour le règlement de tout versement impayé et l'accomplissement de telles obligations. S'il y a pluralité de garants, ceux-ci sont collectivement et individuellement (conjointement et solidairement) responsables avec le constituant et avec chacun d'eux, de l'ensemble des obligations contractées en vertu du prêt hypothécaire.
Sans que la responsabilité du garant soit de quelque façon réduite, sans obtenir son consentement et sans lui donner de préavis, nous pouvons :

- accorder des délais de paiement et des prorogations de la durée du prêt, renouvellements du prêt et de sa durée compris;
- majorer le taux d'intérêt applicable au prêt hypothécaire, pendant la durée initiale et toute durée subséquente;
- détacher de la garantie hypothécaire ou de toute autre sûreté la totalité ou une partie de l'unité foncière;
- prendre à l'égard du constituant ou d'une autre personne (y compris un garant), de toute sûreté (garantie hypothécaire comprise) ou de l'unité foncière, toute mesure jugée opportune, notamment la libération, la réalisation ou le remplacement de tout bien que nous détenons en garantie;
- renoncer à toute condition du prêt hypothécaire ou modifier certaines de ses modalités au cours de sa durée initiale ou d'une durée subséquente;

et ce, soit antérieurement, soit postérieurement à toute demande de paiement faite à quiconque, sans porter atteinte à l'intégrité du cautionnement. Pour obtenir le paiement de notre créance, nous sommes fondés à nous adresser en premier à tout garant plutôt qu'au constituant ou à toute autre personne (y compris un garant), et à faire valoir nos droits au titre de toute sûreté (l'hypothèque comprise). Les obligations de tout garant engagent également ses successeurs et représentants successoraux.

Dated this 4th day of March, 2005

Craig Liddle
Assistant General Manager
Scotia Mortgage Corporation
I have the authority to bind the corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200508 Coto

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Filing No. 200509 Coto
Filing Date 8th March 2005 Date de Dépôt
Page 1 of/de 27 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by: ING Bank of Canada

Filing Date:

Filing Number:

ING BANK OF CANADA

LAND REGISTRATION REFORM ACT (ONTARIO)

SET OF STANDARD CHARGE TERMS

FIXED AND VARIABLE RATE RESIDENTIAL CHARGE/MORTGAGE

The following set of standard charge terms will be deemed to be included in every charge or mortgage in which the set is referred to by its filing number pursuant to section 9 of the *Land Registration Reform Act* (Ontario).

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1. DEFINITIONS

In this set of standard charge terms:

"Act" means the *Condominium Act* (Ontario);

"additional principal amounts" means, collectively, any principal amounts advanced by us to you under the mortgage, in addition to the principal amount;

"borrower", "you" and **"your"** mean each person who signs the mortgage as chargor and his, her or their successors and assigns and these terms may be used interchangeably in this set of standard charge terms;

"business day" means a day that is not a Saturday, Sunday or statutory holiday in the province or territory in which the property is located;

"condominium corporation" means the corporation created by the registration or deposit of a declaration under the Act in respect of the property;

"condominium property" is defined in section 28(e)(i);

"current mortgage rate" means, at any time during the term, the interest rate chargeable under the mortgage;

"default" means that you have done one or more of the following: (a) you have not paid an amount of principal, interest or other amount due to us under the mortgage; (b) you have breached a promise or covenant that you made in the loan commitment or the mortgage; and (c) you have made a representation or warranty in the loan commitment or the mortgage that is incorrect, incomplete or misleading in any material respect when made;

"deferred interest" is defined in section 4(c);

"ING prime rate" means ING Bank of Canada's annual rate of interest announced from time to time as its benchmark prime rate of interest for Canadian dollar loans, which rate is subject to change from time to time at ING Bank of Canada's sole discretion;

"interest adjustment date" means the interest adjustment date set out in the mortgage;

"land registry office" means the land registry office or the land titles office in the province or territory in which the property is registered, or any other similar government office if the property is not registered in the land registry office or the land titles office;

"loan amount" means, collectively, all present and future indebtedness and liability owing by you to us under the mortgage including, without limitation, the principal amount, all additional principal amounts, if any, interest and all other amounts owing by you to us from time to time under the mortgage;

"loan commitment" means the mortgage commitment and any other agreement, not including the mortgage, between you and us setting out the terms of the loan, as the same may be amended from time to time in writing;

"maturity date" means the date set out in the mortgage on which the outstanding principal amount is due and payable, as the same may be extended from time to time;

"mortgage" means, collectively, a Form 2 Charge/Mortgage of Land or a Charge/Mortgage of Land prepared in electronic format under Part III of the *Land Registration Reform Act* (Ontario), any schedules attached to it and this set of standard charge terms, as the same may be amended from time to time;

"mortgage insurance company" means Canada Mortgage and Housing Corporation, Genworth Financial Mortgage Insurance Company Canada or any other similar mortgage insurance company;

"mortgage year" means the 12-month period from the interest adjustment date or an anniversary of such date;

"net proceeds" means the proceeds of the sale or lease of the property less our costs incurred to take, recover or keep possession of the property, to sell, lease or transfer the property including, without limitation, all amounts paid by us on account of taxes, maintenance, repairs, utilities, insurance and common expenses or other costs paid to the condominium corporation or any other amount that we may pay to maintain, manage or preserve the property and our legal expenses in connection with the foregoing;

"new mortgage" is defined in section 25;

"other claims" is defined in section 6(a)(xii);

"outstanding principal amount" means the aggregate of that part of the principal amount and that part of the additional principal amounts, if any, outstanding from time to time under the mortgage;

"prepayment interest rate differential amount" means the amount determined in subsection (a) below *minus* the amount determined in subsection (b) below:

(a) the present value, as determined by us, of the total amount of interest which would have been payable on the outstanding principal amount if the prepayment had not been made, calculated from the date of prepayment to the maturity date, at the current mortgage rate; and

(b) the present value, as determined by us, of the total amount of interest calculated on the outstanding principal amount, calculated from the date of prepayment to the maturity date, at the interest rate *per annum* set by us applicable to residential mortgages in Canada for the mortgage term nearest in length to the remainder of the term on the prepayment date;

"prepayment privilege" means the privilege to prepay without penalty in a mortgage year, a maximum of 25% of the principal amount set out at the beginning of the term;

"principal amount" means the amount set out as the principal amount in the mortgage;

"property" means the real property legally described in the mortgage, all buildings and structures now on such property or later added, and anything now or later attached to or fixed to any building or structure on such property or attached to or fixed to such property, including, without limitation, additions, alterations, substitutions, improvements, equipment and other apparatus of any kind or nature on such property and, in the case of a condominium unit, includes, without limitation, the common elements and any other interest you have in the condominium property;

"section" means a section of this set of standard charge terms;

"successor" means an heir, executor, administrator, liquidator, personal representative or successor;

"taxes" is defined in section 12;

"term" means the term of the mortgage, which is the period starting on the interest adjustment date and ending on the maturity date;

"transferable principal amount" is defined in section 25;

"variable rate adjustment date" is defined in section 4(a);

"variable rate" and **"adjustable rate"** mean the interest rate calculated pursuant to section 4(a) and these terms may be used interchangeably in this set of standard charge terms; and

"we", **"our"**, **"us"** and **"mortgagee"** mean the mortgagee or chargee as set out in the mortgage.

2. GRANT OF MORTGAGE

We have agreed to loan you money on the terms set out in the loan commitment and the mortgage. In consideration for the loan we make to you of the principal amount or that part of the principal amount that is advanced and the additional principal amounts, if any, that are advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you own the property, you charge your entire interest in the property to us; or

(b) if you lease the property, you charge and sublease your entire interest (including, without limitation, any option or right of first refusal to purchase) in the property for the entire term (except the last day) of your lease to us; and

(c) if you lease the property and you subsequently acquire the freehold title to the property, the mortgage will by operation of law become a mortgage of the freehold interest in the property to the same extent and effect as if you had been the owner of the freehold, free from encumbrances, at the date of the mortgage. For the purposes of this section, you hereby grant, mortgage and charge the freehold interest in the property to and in favour of us, such grant, mortgage and charge to take effect upon your acquiring freehold title to the property;

in each case, to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage and the loan commitment.

When you have repaid the loan amount in full as provided in the mortgage, we are under no obligation to loan any additional principal amounts to you. If you are not then in default, we will have no further interest in the property.

We have the right to assign the mortgage and the payment of amounts secured by the mortgage. An assignment by us will not cause the mortgage to cease to operate nor entitle you to a discharge of the mortgage.

3. FIXED INTEREST RATE (APPLICABLE ONLY TO FIXED RATE MORTGAGES)

This section 3 applies only to fixed rate mortgages.

The interest rate that you are required to pay and the frequency of the payments of principal and interest are set out in the mortgage. Interest is calculated semi-annually not in advance. Interest on the loan amount is payable at the current mortgage rate both before and after the maturity date, default and judgment, until the loan amount has been paid in full.

4. VARIABLE INTEREST RATE (APPLICABLE ONLY TO VARIABLE RATE MORTGAGES)

This section 4 applies only to variable rate mortgages.

(a) Interest Rate

The interest rate that you are required to pay and the frequency of the payments of principal and interest are set out in the mortgage. Interest is calculated semi-annually not in advance. The interest rate is a variable rate which will initially be determined on the interest adjustment date.

The interest rate will automatically be adjusted approximately every three months if there is a change in the ING prime rate, as follows: (i) if you have selected the monthly payment option, the first adjustment will occur on the day which is three months after the interest adjustment date, and each subsequent adjustment will occur on the day which is three months after the previous variable rate adjustment date; or (ii) if you have selected any other payment option, the first adjustment will occur on the payment date on or closest to (but not later than) the day which is three months after the interest adjustment date and each subsequent adjustment will occur on the payment date on or closest to (but not later than) the day which is three months after the previous variable rate adjustment date.

A day on which such adjustment takes place or would have taken place if there had been a change in the ING prime rate is referred to in this set of standard charge terms as a "variable rate adjustment date". On each variable rate adjustment date, the interest rate payable until the next variable rate adjustment date will be the ING prime rate less an adjustment factor which is set out in the mortgage. The interest rate may change on a variable rate adjustment date without any prior notice to you. Interest is payable on the loan amount at the current mortgage rate both before and after the maturity date, default and judgment, until the loan amount has been paid in full.

(b) How You May Determine the Current Mortgage Rate

After each change in the ING prime rate, we may notify you by mail, electronic means or other means as we may from time to time determine, at the most current address we have for you, of the changed ING prime rate, its effective date and the current mortgage rate. The interest rate will vary according to section 4(a) even if we fail to send you such notice or you fail to receive it. The ING prime rate in effect at any time is available by calling us at the telephone number set out in the loan commitment or by visiting the internet website set out in the loan commitment.

(c) Deferred Interest

The amount of interest that has accumulated on the loan amount from one regular payment to the next which exceeds the regular loan payment is called "deferred interest". Interest at the current mortgage rate will be charged on the deferred interest from and including such regular payment date. On the next regular payment date, all interest which has accumulated on deferred interest from the previous regular payment date will be added to and become deferred interest and will itself bear interest from and including the regular payment date at the current mortgage rate. The amount of deferred interest from time to time may be obtained by contacting us. Deferred interest will apply to variable rate mortgages even if regular payment amounts are increased due to increases in the ING prime rate.

5. COMPOUND INTEREST

If you do not make a regular payment or any other payment when required by the mortgage, we will add any overdue amount (including interest) to the outstanding principal amount and charge interest, which we refer to as compound interest, at the current mortgage rate, both before and after maturity, default and judgment on all overdue amounts. You must pay compound interest immediately when we require, both before and after maturity, default and judgment.

6. CERTAIN PROMISES YOU MAKE TO US

(a) You agree with us that:

(i) you will pay the loan amount as required by the mortgage and you will comply with all of your other obligations under the mortgage and the loan commitment;

(ii) you will pay taxes assessed against the property either to us if we require or you request that they be paid to us, or directly to the tax authority (as further set out in section 12);

(iii) unless you are the tenant of the property, you are the lawful owner of the property and there are no encumbrances affecting title to the property;

(iv) you have the right to grant us the mortgage;

(v) there are no limitations affecting title to, or your interest in, the property except for any restrictions registered in the land registry office and except for building and zoning by-laws, with which you have complied;

(vi) all information that you have provided to us concerning your marital status and whether the property is a matrimonial home within the meaning of the *Family Law Act* (Ontario) is true, complete and correct at the time the mortgage is signed and delivered;

(vii) all representations made by you in the loan commitment and the mortgage are true, complete and correct at the time the mortgage is signed and delivered;

(viii) to the best of your knowledge and belief, after reasonable enquiry and investigation:

(A) no condition exists on the property which is a contravention of any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety;

(B) no part of the property is or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements;

(C) there are no underground or aboveground storage tanks on the property except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements relating to underground and aboveground storage tanks, the protection of the environment, hazardous substances or public health and safety;

(D) no part of the property contains or will in the future contain any hazardous substance except in compliance with all laws, regulations, by-laws, orders and all other legally binding requirements;

(E) no claim, notice, order, investigation or other proceeding, in each case pursuant to any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety, has been made, issued or threatened in relation to any condition on the property; and

(F) no part of the property is currently in non-compliance with, or used in any manner which is in non-compliance with, any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety.

We may (but are not obligated to) require you, at your expense, to obtain an environmental assessment (which may include any intrusive environmental investigations of the property we deem necessary and desirable) of all or any part of the property, which environmental assessment must be satisfactory to us, but such assessment does not relieve you from your obligations under this section 6(a)(viii).

At any time that a change in the environmental condition on or with respect to the property makes any of the above statements untrue, you will provide us a written notice of such change immediately, including a copy, where applicable, of any correspondence with any regulatory body about the condition.

You will not, and will not allow any other person to, create or allow to exist any condition on or with respect to the property that does or could constitute a violation of any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety now and as such requirements come into force in the future;

(ix) you will, at your expense, sign any other document or take any further action which we may request to ensure that your entire interest in the property has been fully charged to us and that the loan amount is adequately secured;

(x) if you are in default, we will have the right to take possession of the property without any encumbrances or interference;

(xi) you will take any action necessary to protect your title to or interest in the property including, without limitation, protecting your rights under any applicable legislation, statute or regulation of any municipal, provincial or federal government or regulatory body and you will not in any way interfere with our interest in the property;

(xii) you will not, without our prior written consent, further encumber the property and you will keep the property free and clear of any subsequent mortgages and from all encumbrances, liens, charges and mortgages including, without limitation, any outstanding statutory liens or charges on the property, arrears of taxes, liens for arrears of condominium common element expenses or other condominium charges or expenses, executions and rights (which encumbrances, liens, charges and mortgages and all prior mortgages, if any, are collectively referred to as "other claims"); and

(xiii) you agree that we may pay the whole or any part of any other claims at any time having priority over the mortgage. The amounts so paid will be payable by you to us on demand and will, until paid, be included in the loan amount, be secured by the mortgage and bear interest at the current mortgage rate. We will be entitled to the equities and the rights and securities of the person or persons so paid and to obtain an assignment of any other claims so paid and of any right to payment and we are authorized to retain any discharge of any other claims, without registration, until payment to us of the other claims in full.

(b) If you are a tenant of the property, you also agree with us that:

(i) the property is leased to you under a valid and subsisting lease, a complete copy of which you have given to us and that you have good leasehold title to the property;

(ii) all rents and other monies payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or you have the right, without your landlord's consent, to charge your interest in the lease to us;

(iv) you have not done, or permitted to occur, any act to encumber the lease or any part of the lease;

(v) there are no limitations on your interest in the property except for any set out in the lease, except for restrictions registered in the land registry office and except for building and zoning by-laws, with which you and your landlord have complied;

(vi) you will pay rents and other payments required by the lease as they fall due;

(vii) you will comply with all your other obligations set out in the lease;

(viii) you will not surrender or assign the lease or any of your rights under the lease or sublet all or any part of the property or cause the lease to be terminated;

(ix) you will not make any change to the lease without first obtaining our written consent;

(x) where the lease contains an option to renew the term of the lease or a right of first refusal to lease or purchase the property, you will not allow any such right or option to lapse at any time while there remains any outstanding loan amount without our prior written consent;

(xi) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(xii) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in the property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xiii) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xiv) you will hold the last day of the term of your lease or of any renewal term of the lease in trust for us and will only deal with it in such manner as we will require. You will have the same rights arising from this section 6(b)(xiv) as you already have under other provisions of the mortgage and at law;

(xv) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal term. If we enforce our rights under the mortgage, particularly those referred to in section 29(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's successors and will only deal with it in such manner as such person requires;

(xvi) you irrevocably appoint us as your attorney so that we, on your behalf and in your name, may enforce any of the covenants in your favour under the lease, exercise any right or option available to you under the lease (including any right of renewal or termination) or assign the lease and the last day of the term of the lease and of any renewal term of the lease and convey your interest in the property as we may require to perfect any sale we may make under section 29 and, in particular, under section 29(a)(iv);

(xvii) we may remove you or any other person as trustee of the trust referred to in section 6(b)(xiv) and appoint a new trustee or trustees; and

(xviii) you acknowledge that any breach of a term of the lease constitutes a default and you agree that we have the right (but not the obligation) at any time to pay any amount outstanding under the lease or take any action as may be necessary to bring the lease into good standing, and to add all amounts paid by us and all costs incurred by us to the loan amount secured by the mortgage.

7. HOW YOU WILL REPAY THE LOAN

(a) Currency and Place

You will pay the loan amount to us in lawful Canadian dollars, on each payment date at our address set out in the mortgage or as otherwise provided in this set of standard charge terms. If any payment is made on a day that is not a business day, the payment will be deemed to be made on the business day next following the payment date. Unless we otherwise agree, any payments to be made by you are due and payable as provided in the mortgage.

(b) Interest Adjustment Date

Interest on all money we have advanced to you up to the interest adjustment date will be calculated daily at the current mortgage rate in effect on the date of each advance up to but not including the interest adjustment date. At our option, such interest will either (i) be payable by you to us on the interest adjustment date; (ii) be added to the loan amount on the interest adjustment date and will bear interest at the current mortgage rate; (iii) be deducted by us from any advance or advances which we make; or (iv) be debited by us from your account referred to in section 7(e) on the first regular payment date.

(c) Regular Payments

You will make regular payments of principal and interest to us in the amount and on the payment dates specified in the mortgage, beginning on the first payment date until and including the maturity date. You may, upon request and at our discretion, change your regular payment date to a payment date then currently offered for your type of mortgage. Any interest outstanding as a result of such change to your regular payment date will be added to your mortgage payment on the first regular payment date after such change. You will pay the outstanding balance of the loan amount on the maturity date.

(d) Term/Amortization (Applicable only to Variable Rate Mortgages)

This section 7(d) applies only to variable rate mortgages.

The interest rate specified in the mortgage is subject to variations as set out therein. Your regular payment of principal and interest may increase or decrease from time to time due to variations in the current mortgage rate but the term and the amortization period set out in the mortgage will not change. The principal and interest payment may also be increased by you if you are otherwise permitted to do so under the mortgage.

(e) Bank Account for Payments

You will maintain an account of a type satisfactory to us with ING Bank of Canada, a branch of a Canadian chartered bank or trust company or such other bank, trust company, caisse populaire or credit union approved by us in writing and provide an authorization in a form acceptable to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You will ensure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be a default. You agree to pay us our then current administration and processing fees for any actions which we have to take as a result of your default under this section 7(e).

(f) How Your Regular Payments are Applied

Each of your regular payments will be used: (i) first, to pay interest or reduce the interest (other than deferred interest) on the principal amount and on the additional principal amounts, if any, accumulated to, but not including, the payment date; (ii) second, to pay or reduce any deferred interest (if you have a variable rate mortgage) outstanding and accumulated to, but not including, the payment date; and (iii) third, to reduce the principal amount and the additional principal amounts, if any. However, if you are in default, we may apply your payment or any other money we receive towards any part of the loan amount we choose.

(g) Payment Provisions on Default

If you are in default, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also exercise our rights under section 17.

8. INCREASING YOUR REGULAR PAYMENT AMOUNT

If you are not in default, you may, effective on any regular payment date and on written notice to us, increase the amount of your regular payments, without penalty, provided that the total of all such increases during any mortgage year does not exceed 25% of the amount of your regular principal and interest payments as set out in the mortgage at the beginning of the term. After you have increased the amount of your regular payments, you may, effective on any regular payment date, decrease the amount of your regular payments to an amount not less than the amount of your regular principal and interest payments as set out in the mortgage at the beginning of the term.

9. EARLY REPAYMENT

(a) Fixed Rate Mortgages

This section 9(a) applies only to fixed rate mortgages.

- (i) If you are not in default, you may, on any regular payment date, prepay an amount to be applied to the outstanding principal amount, without penalty, provided that:
  - (A) each such prepayment is at least $100;
  - (B) the total of all such prepayments paid during any mortgage year does not exceed 25% of the principal amount set out at the beginning of the term;
  - (C) if you do not completely use such prepayment privilege in any mortgage year, it cannot be carried forward to the next or any future mortgage year; and
  - (D) if, at the beginning of the mortgage year, the outstanding principal amount is more than 25% of the principal amount, you may not apply a prepayment made under this section 9(a)(i) to prepay the entire outstanding principal amount unless, at the same time as you make such a prepayment, you also make a discharge request (but not an assignment request) in accordance with section 32.
- (ii) Any other early repayment may only be made upon the payment of the prepayment interest rate differential amount or three months' interest at the current mortgage rate calculated on the loan amount, whichever is greater, even if you may not have completely used your prepayment privilege in any mortgage year.

(b) Variable Rate Mortgages

This section 9(b) applies only to variable rate mortgages.

(i) If you are not in default, you may, on any regular payment date, prepay an amount to be applied to the outstanding principal amount, without penalty, provided that:

(A) each such prepayment is at least $100;

(B) the total of all such prepayments paid during any mortgage year does not exceed 25% of the principal amount set out at the beginning of the term;

(C) if you do not completely use such prepayment privilege in any mortgage year, it cannot be carried forward to the next or any future mortgage year; and

(D) if, at the beginning of the mortgage year, the outstanding principal amount is more than 25% of the principal amount, you may not apply a prepayment made under this section 9(b)(i) to prepay the entire outstanding principal amount unless, at the same time as you make such a prepayment, you also make a discharge request (but not an assignment request) in accordance with section 32.

(ii) Any other early repayment may only be made upon the following conditions: the loan amount can be prepaid in full with three months' interest penalty at the current mortgage rate.

10. EARLY RENEWAL (APPLICABLE ONLY TO FIXED RATE MORTGAGES)

This section 10 applies only to fixed rate mortgages.

If the property contains more than four living units or if the property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you are not in default and the property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the maturity date. You must apply to us to use this right of early renewal. You may renew the mortgage by selecting from the mortgage options that we offer at the time that you apply for early renewal and you must enter into an agreement amending the mortgage, acceptable to us, which will contain the terms and conditions of the amendments to the mortgage. You agree to pay us our then current administration and processing fees to renew the mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

11. INSURANCE

If the property is not a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property, including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property for not less than their full replacement value in Canadian dollars. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower or sprinkler system or any other comparable apparatus is operated on the property, you must also insure and keep insured in our favour and until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and that we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and will bear interest at the current mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not, including, without limitation, an amount to compensate us for loss of interest.

12. PROPERTY TAXES

In this set of standard charge terms, "taxes" includes all taxes, rates and assessments of any nature or kind including, without limitation, property taxes, municipal taxes, school taxes, local improvement rates or charges, development cost charges, interest and penalties payable with respect to the property.

We may withhold from any advance under the mortgage any amount we feel necessary to pay taxes then owing or to anticipate future payments of taxes.

You are responsible for the payment of all taxes on the property which you will pay when due. Upon our request, you will provide us with all the receipted tax bills or a tax certificate confirming that taxes are paid once per calendar year during the term. If you fail to provide us with such bills or certificates, we may conduct such searches with the appropriate tax authority as we deem necessary to obtain the current tax status with respect to the property, and you must immediately reimburse us for all payments and expenses we incur in so doing.

In the alternative, we may, at our option and on written notice to you, estimate the amount of taxes payable for the property each year and you agree to pay to us sufficient monies by equal instalments (based on the payment frequency of the mortgage) to be applied on account of such taxes. You will pay the instalments on each payment due date during the term. We agree to apply these payments against your taxes as long as you are not in default, although we are not obligated to apply payments on account of your taxes more often than annually. If you have paid us instalments towards taxes and if before we have been able to pay these taxes to the appropriate tax authority you have failed to make a payment of principal, interest or any other monies to be paid by you under the mortgage, then we may, at our option, apply such sum or sums towards payment of any such principal, interest or other monies to be paid by you which you have failed to pay. If the taxes actually charged for any one year, together with any interest and penalties, exceed the estimated amount, you agree to pay us promptly upon written notice from us the amount required to make up the difference. If you desire to take advantage of any discounts or avoid any penalties in connection with the payment of taxes, you may pay to us such additional amounts as are required for that purpose. If we are paying your taxes, you agree to send to us the tax bills and other notices affecting the imposition of taxes immediately after you have received them. If we advance to you additional principal amounts under the mortgage, we may deduct from any additional principal amount advanced the amount required to pay any outstanding taxes.

If you do not make your tax payments when they are due, then we may, but will not be obligated to, make those payments for you and the amounts paid by us will: (i) be a charge on the property in favour of us in priority to all claims subsequent to the mortgage; (ii) be payable by you immediately with interest at the current mortgage rate until paid; and (iii) may, at our option, be added to the loan amount and will bear interest at the current mortgage rate.

13. REPAIRS

You agree to keep the property in a good condition and state of repair and carry out all necessary repairs. You agree not to do, or let anyone else do, anything which lowers the value of the property. You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the property.

If, in our opinion, you do not keep the property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this section 13, then we can make whatever repairs are, in our opinion, necessary. The costs of any inspections and repairs are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate.

You authorize us or anyone on our behalf to enter the property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

14. DEMOLITION AND ALTERATIONS

You agree not to demolish the whole or any part of any building or structure on the property without first obtaining our written approval and not to make any material alterations, additions or improvements to the property without first obtaining our written approval to your proposed plans and specifications. In either case, we may withhold our approval in our sole discretion.

The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the property. Upon our request, and at your expense, you will provide us with proof of payment and compliance with governmental requirements and building standards. You must retain all holdbacks required or allowed to be retained by law and such governmental requirements and building standards, as the case may be. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses including, without limitation, any charges for providing financial guarantees or other security, are immediately payable by you to us and, if you do not pay them, we will add them to the loan amount and they will bear interest at the current mortgage rate.

15. NO OBLIGATION TO MAKE ADVANCES TO YOU

If we decide, for any reason, not to advance to you all or any part of the principal amount or any additional principal amounts, we are not obligated to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount or any additional principal amounts have previously been advanced. However, by signing the mortgage you have charged all of your interest in the property to us and you will pay us, on demand, all of our costs including, without limitation, all our legal fees and disbursements, title insurance, expenses for investigating title to or zoning compliance of the property and for preparing and registering the mortgage.

16. LEASES AND RENTS

If the property is intended to be used as an owner-occupied single-family residential premises, you represent and agree that no part of the property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a lease of the whole or any part of the property or renew any lease (other than a renewal provided for in any lease) without first obtaining our written approval which we may withhold in our sole discretion.

If in the future you decide to lease the whole or any part of the property to another person or persons, you must first obtain our written approval which we may withhold in our sole discretion. If we give our approval, upon our request you will:

(a) assign to us all leases, agreements and their renewals, and all rights thereunder as they affect the property;

(b) assign to us all rent and any other monies payable under the leases and agreements; and

(c) give us security on chattels, fixtures and equipment as we may reasonably require.

You agree to pay all of our expenses including, without limitation, all our legal fees and disbursements and other costs relating to such additional security.

If you do not comply with any of your obligations under this section 16, at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling the property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount and will bear interest at the current mortgage rate. You irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

Nothing we do under this section 16 will put us in possession of the property and we are not obliged to collect any rent or income from the property or to comply with any term of any lease or agreement.

Rental of any part of the property without our written approval will be considered to have been done to discourage us from taking possession of the property.

17. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) subject to section 21, you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any representation or warranty you made to us in applying for the loan, in the loan commitment or in the mortgage (including, without limitation, those contained in section 6) is untrue;

(d) any lien is registered against the property or we receive notice of a construction lien, a security interest, a lien that is created as a result of unpaid property taxes or unpaid construction maintenance fees or any other lien against the property;

(e) you do not observe or perform any obligation or condition contained in any mortgage, charge, lien or encumbrance to which our mortgage is subject or subordinate;

(f) any buildings being erected on or additions, alterations or improvements done to the property remain unfinished without work being done on them for a period of ten consecutive days; or

(g) the property is abandoned.

We have the right to waive any particular default by you but if we do so we are not waiving any other existing default or one or more defaults which may occur in the future.

18. BUILDING MORTGAGE

If any of the principal amount or the additional principal amounts, if any, to be advanced under the mortgage is used to finance an improvement on the property (meaning any alteration, addition or repair to or any construction, erection or installation on, the property including, without limitation, the demolition or removal of all or any part of any building, structure or works on the property), you must first obtain our written approval of this before any advances are made under the mortgage. You agree to make the improvement only in accordance with plans and specifications that we have approved in writing and to complete the improvement as quickly as possible.

Subject to section 15, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. We will decide whether advances may be made and when they will be made.

Whatever the purpose of the mortgage, we may retain funds from any advance or advances until we are completely satisfied that you have retained the holdback amount that you are required or allowed to retain under applicable construction lien legislation, as the case may be, and the lien period has expired. You authorize us to give information about the mortgage to anyone who claims a construction lien on the property.

19. RELEASING THE PROPERTY FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of the property, whether or not we receive any value, and we will be accountable to you only for money that we actually receive. If we release our interest under the mortgage in only a part of the property, the remainder of the property will continue to secure the loan amount and your obligations, and those of any guarantor, under the mortgage will continue unchanged. You will pay our then current administration or processing fee for preparing and signing the discharge and all legal and other expenses, whether the discharge is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge on your title and to pay the registration fee. If the property is subdivided, each part of the property will secure payment of the loan amount.

20. CONVERTIBILITY (APPLICABLE ONLY TO VARIABLE RATE MORTGAGES)

This section 20 applies only to variable rate mortgages.

If you are not in default and you qualify with our requirements in effect at the time you would like to convert the mortgage, you may convert the mortgage to a fixed rate mortgage offered by us with a term of at least three years, with the interest rate and containing the terms and provisions that are offered by us at the time of conversion. If you wish to take advantage of this opportunity, you must apply to us and you must enter into a mortgage amending agreement or a new fixed rate mortgage which will contain all amended terms, conditions and provisions of the mortgage. You agree to pay us our then current administration or processing fees in connection with the conversion, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the conversion documentation and its registration. You also acknowledge that we are under no obligation to consent to allowing you to convert the mortgage or extend the term. Once the mortgage has been converted, the prepayment privileges of the mortgage will no longer apply and prepayment privileges, if any, will be contained in the mortgage amending agreement, the new fixed rate mortgage or other similar documentation that we may use for these purposes from time to time.

21. SKIP A PAYMENT

If you are not in default and subject to compliance with the *National Housing Act* (Canada), you may, on at least five business days' notice to us in writing or by telephone, skip a regular payment under the mortgage without being in default, if you do so not more than once in any mortgage year. You may repay the amount of any skipped regular payment at any time during the term without penalty. You will still be required to pay any amount related to taxes or insurance due on the date such skipped regular payment was otherwise required to be made. The interest portion of the skipped regular payment will be added to the outstanding principal amount and will bear interest at the current mortgage rate.

22. ADDITIONAL PRINCIPAL AMOUNTS

We may from time to time at our sole option lend you additional principal amounts under the mortgage provided that the outstanding principal amount does not at any time exceed the principal amount set out in the mortgage at the beginning of the term. If we request, you will enter into an agreement with us that any additional principal amounts loaned to you by us are secured by the mortgage. All additional principal amounts, interest thereon and any other amounts owing with respect to such additional principal amounts will be secured by, and repaid in accordance with, the provisions of the mortgage. These provisions apply notwithstanding that the principal amount outstanding under the mortgage may be reduced and subsequently increased or repaid and subsequently loaned again. If additional principal amounts are loaned prior to the expiry of the term, the term will be extended based on the interest rate and term that you select. We are entitled to discharge the mortgage without notice to you once you have repaid all amounts owing under the mortgage including, without limitation, the principal amount and any additional principal amounts.

23. RENEWING OR AMENDING THE MORTGAGE

At our option, the mortgage may from time to time be renewed, extended or amended by an agreement (in a form acceptable to us) with you, with or without any increase in the interest rate or the principal amount. It will not be necessary for us to register the agreement on title to the property in order to retain priority for the mortgage, as renewed or amended, which may include advances of additional principal amounts, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to the property after the mortgage at the time any agreement is entered into. However, we are entitled to make any registrations against title to the property as we deem necessary and, if requested, you will assist us with any registration we may make. The entering into of any agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not enter into such agreement.

If we do not receive notice from you before the maturity date that either (i) you intend to repay the loan amount in full on the maturity date, or (ii) you would like to extend the term of the mortgage, then, at our option, unless we notify you to the contrary and without entering into a further agreement with you, effective on the maturity date the term of the mortgage will be extended for one year from the maturity date and the interest rate will be our then current interest rate for a one year fixed rate mortgage. For greater certainty, the mortgage will then be a fixed rate mortgage even if you currently have a variable rate mortgage.

24. DUE ON SALE

If you transfer title to the property or agree to do so, the loan amount will, at our option, immediately become due and payable in full.

25. ASSUMPTION AND PORTABILITY

If you have entered into an agreement to transfer title to the property and you are not in default, you may, with our prior written approval, (i) allow the transferee of title to the property to assume the mortgage or, (ii) if you have agreed to purchase a new property, borrow an amount equal to the outstanding principal amount on the day title to your new property is transferred to you (the "transferable principal amount") under a new mortgage to be registered against title to the new property (the "new mortgage"). You may choose only one of the following two options and we may in our sole discretion not approve one or both of the options.

(a) Assumption

In the case of an assumption of the mortgage, the transferee of the property must provide us with such information as we require to permit us to determine whether we can approve a loan to such transferee. If we approve a loan to the transferee, the transferee must sign and deliver to us an assumption agreement in a form acceptable to us. Upon receipt of the signed assumption agreement and the payment of our then current administration or processing fee for such assumption and all legal and other expenses, we may in our sole discretion release you and any guarantors from your and their obligations under or in respect of the mortgage and the loan commitment.

(b) Portability

If you are not in default and you qualify with our requirements in effect at the time and if you purchase and become the owner of a new property within not more than 30 days of the date of the sale of the property, you may borrow from us with respect to the purchase of the new property. If you wish to take advantage of this opportunity, you must apply to us in writing and you must sign a new mortgage. The following conditions apply:

(i) if you would like to borrow an amount equal to the transferable principal amount, the new mortgage will be at the same interest rate as set out in the mortgage and for a term equal to the remainder of the term;

(ii) if you would like to borrow more than the transferable principal amount, we have the right to approve the excess amount in our sole discretion and, if approved, the interest rate payable by you will be a blended rate calculated by taking the weighted average of the current mortgage rate at the date of transfer of your new property and the interest rate payable by you on the additional amount that you borrow, which will be our then current interest rate for a term equal to the term closest to the remainder of the term of the mortgage;

(iii) if you would like to borrow less than the transferable principal amount, the new mortgage will be at the same interest rate as set out in the mortgage and for a term equal to the remainder of the term. The amount by which the transferable principal amount exceeds the principal amount of the new mortgage will, after deducting from such amount any amount that you are entitled to prepay without penalty under the prepayment privilege for the mortgage year, be subject to the prepayment provisions in the mortgage;

(iv) you will only be required to pay a prepayment penalty if the new mortgage will be for an amount that is less than the transferable principal amount and more than any amount that you are entitled to prepay without penalty under the prepayment privilege for the mortgage year; and

(v) you agree to pay us our then current administration and processing fees to approve and process the new mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the new mortgage and its registration.

You acknowledge that we are under no obligation to consent to allowing you to borrow the transferable principal amount or any additional amount or extend the term with respect to the new mortgage.

26. CERTAIN ACTIONS WE CAN TAKE

If we think it is necessary, we may pay any other claims that have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant under a lease of the property, we may cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we may perform those obligations. Where you are a tenant of the property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal will be subject to the mortgage. You must immediately reimburse us for all payments that we have to make and costs that we incur in taking these steps.

Any payments we make under the mortgage and any expenses incurred by us (including, without limitation, our legal expenses) in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations in accordance with the mortgage, which are not immediately reimbursed to us will be added to the loan amount and will bear interest at the current mortgage rate from the date we pay them. Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the loan amount and will bear interest at the current mortgage rate.

If we have not received a solicitor's final opinion within 90 days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

27. ENVIRONMENTAL MATTERS

You agree that we or our agents (or agents of the mortgage insurance company if the mortgage is insured by a mortgage insurance company) may at any time and for any reason enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or the mortgage insurance company consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the current mortgage rate, will be immediately payable by you and will be a charge on the property. None of us, the mortgage insurance company, our agents or the agents of the mortgage insurance company will become mortgagees in possession of the property or have management or control of the property by exercising these rights.

28. CONDOMINIUM

If the property is a condominium unit, you agree to comply with the provisions of this section 28 in addition to the other provisions of this set of standard charge terms, other than section 11.

(a) Compliance with the Act

You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation in effect from time to time.

(b) Payment of Common Expenses and Other Costs

You will pay all amounts required by the Act, the declaration and the by-laws of the condominium corporation on or before the date such amounts are due, including, but not limited to, all common expenses, contributions, levies or assessments. If we request, you will give us proof that you have done so. If you do not make any payments which you are obligated to pay, we may do so on your behalf and add such amounts to the loan amount and such amounts will bear interest at the current mortgage rate.

(c) Notices and Demands

You will mail to us by prepaid registered mail or deliver to us a copy of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium property so that we receive such communications at least five days before any claim or demand is payable or, in the case of other communications, within five days of the date you receive them.

(d) Voting Rights

You irrevocably authorize us, in your name and on your behalf, to exercise your rights under the Act and under the declaration and by-laws of the condominium corporation to vote at any meeting of the condominium corporation and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation. However, you may exercise such rights to vote or consent unless we notify you in writing that we wish to use our rights to vote or consent, in which case we may also notify the condominium corporation. Our wish to vote or consent can be for a limited period of time or for a particular meeting or matter. When we do vote or consent in your place, we do not then become a mortgagee in possession and are not responsible for protecting your interests or for the way we vote or consent or fail to do so.

(e) Acceleration of Repayment of Loan Amount

At our option, the loan amount will become payable immediately if:

(i) the condominium of which the property forms a part, including, without limitation, the common elements and the assets of the condominium corporation (collectively, the "condominium property") is no longer governed by the Act;

(ii) a vote of the unit owners authorizes the sale of the condominium property or any part thereof;

(iii) the condominium corporation fails to comply with the Act, the declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails, in our opinion, to manage the condominium property in a careful way or to maintain the condominium property in good repair;

(v) the condominium corporation fails to insure the condominium property according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds;

(vi) the condominium corporation makes or permits to be made any substantial modification to the condominium property or any part thereof without our approval; or

(vii) there has been substantial damage to the condominium property and the owners have voted for termination of the condominium corporation.

Our rights to cause the loan amount to become payable immediately will not be affected by the fact that we may have voted in favour of or consented to any of the foregoing.

(f) Insurance

If the property is a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property (including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property not required to be insured by the condominium corporation according to the Act or the declaration of the condominium corporation) for not less than its full replacement value in Canadian dollars.

The condominium corporation must obtain such appropriate insurance as it is required to obtain under the Act and under the declaration and by-laws of the condominium corporation, failing which you will be in default. In addition, you must insure against loss or damage by fire with extended perils coverage, and against such additional risks as we may at any time require, all improvements or those improvements required by the Act or by-laws of the condominium corporation which at any time have been made to the property.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and will bear interest at the current mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss, and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not, including, without limitation, an amount to compensate us for loss of interest.

You will, and to the extent it is within your control will cause the condominium corporation to, assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation fails to keep the buildings and improvements insured or provide us at least 15 days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

29. ENFORCING OUR RIGHTS

(a) Remedies

If you are in default, the loan amount will immediately become due and payable at our option and we may enforce any one or more of the remedies listed below in any order, separately or together, to the extent that such remedies are available in the province or territory in which the property is located.

Our remedies are:

(i) Go to Court - We may take court proceedings to collect the loan amount.

(ii) Foreclosure or Sale - We may take court proceedings to foreclose your right, title and equity of redemption to the property. If we obtain a final order of foreclosure from the court, the property will become ours. We may also ask the court to order the sale of the property under its supervision. The net proceeds from the sale of the property will be applied to reduce the loan amount. If the net proceeds are less than the loan amount, you must pay us the difference. If the net proceeds are more than the loan amount, any amount remaining after all claims have been satisfied will be paid to you.

(iii) Lease the Property - If your default continues for 15 days, we may, on 15 days' notice to you, enter on and lease the property; if your default continues for 30 days we may, without notice to you, enter on and lease the property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds of any lease are less than the loan amount, you must pay us the difference.

(iv) Power of Sale - If your default continues for 15 days we may, on at least 35 days' written notice to you delivered in accordance with the *Mortgages Act* (Ontario), enter on and sell the whole or any part of the property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel, amend or not complete any contract of sale without being responsible for any resulting loss. The net proceeds from any sale of the property will be applied to reduce the loan amount. If the net proceeds are less than the loan amount, you must pay us the difference. If the net proceeds are more than the loan amount, any amount remaining after all claims have been satisfied will be paid to you.

(v) Enter on the Property - We can enter on the property at any time without your permission and make any necessary arrangements to inspect, collect rents or manage the property or repair or complete construction of any building or other improvement on the property. Any costs we incur will be added to the loan amount and will bear interest at the current mortgage rate.

(vi) Appoint a Receiver - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from the property. The receiver will be your agent, not ours, and you will be responsible for any of the receiver's acts or omissions. We are not accountable for any monies received by the receiver except to the extent that we actually receive any such monies. The receiver may use every remedy which we have under the mortgage to collect the income from the property, take possession of the whole or part of the property, manage the property and keep it in good condition. From the income collected, the receiver may pay all rents, taxes, rates, insurance premiums and other expenses required to keep the property in good condition, his or her own commission as receiver, all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing, interest owing under the mortgage and all or any part of the loan amount whether or not it is due.

(vii) Possession - We can take possession of the property at any time, without permission, and take all necessary action to recover and keep possession of the property. We will not be considered to be a mortgagee in possession unless we actually take possession of the property. We may lease or sell the property without actually entering into possession of the property. While in possession, we will only be accountable for money actually received by us.

(viii) Distress – Subject to applicable laws, we may distrain for arrears of interest against the property or any part of it and recover by way of rent reserved as in the case of a demise, the arrears of interest and all costs and expenses incurred in such distress and may also distrain for arrears of principal and regular payments of taxes, if required, in the same manner as if the same were arrears of interest.

(ix) Assignment of Rents – You assign to us all rents from the property. This assignment will take effect upon default.

(b) No Interference

If, in enforcing any of our remedies, we take possession of the property, neither you nor any person claiming an interest in the property through you will interfere with our possession, the possession of any receiver we may appoint or with the possession of any person to whom the property is leased or sold and you will not make any claim against any person to whom the property may be leased or sold.

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(c) Notice

When any notice is given by us in connection with the mortgage, the notice may be given in any manner permitted or provided by the laws applicable thereto or, subject to those laws, may, at our option, be given by us by leaving it with an adult person on the property if occupied, by placing it on some portion of the property if unoccupied, by mailing it by prepaid registered mail addressed to you at your last known address, or by publishing it once in a newspaper having a general circulation in the city, town, municipality or area in which the property is located; and such notice will be sufficient even if it is not addressed to any person by name or designation and even if any person to be affected by the notice may be unborn, unknown, unascertained or under any disability; and, subject to the laws from time to time applicable to the notice, such notice will be as effectual as if it had been personally served upon all persons required to be served by it.

(d) Our Expenses

You agree to pay immediately upon our request all of the expenses which we incur in enforcing any of our remedies. These expenses include all our legal fees and disbursements, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(e) Delay in Enforcement

Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations, require payment of the loan amount if you are in default and require any other person including, without limitation, a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(f) Judgments

If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not operate as a merger of any covenant of the mortgage and will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage and the loan commitment. Even if we obtain a court order or judgment, until the loan amount is paid in full, interest is payable on the loan amount at the current mortgage rate or in accordance with applicable law, whichever is higher.

(g) No Prejudice from Failure to Enforce Our Rights

A failure by us to enforce at any time or from time to time any of our rights under the mortgage will not prejudice our rights or any other rights that we have under the mortgage or at law. No performance or payment by us in respect of any breach or default will relieve you from any default, and no waiver at any time or from time to time of any such rights by us will prejudice such rights in the event of any future default or breach.

30. EXPROPRIATION

If the entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of the property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of the property does not constitute adequate security for the loan amount, then in our sole discretion, all or part of the loan amount will immediately become due and payable together with loss of interest.

We have the right to order a survey and/or property valuation of the property in order to ascertain the value of the expropriated land and the remaining land. Any and all reasonable costs, charges and expenses for such survey and/or property valuation are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate, and will be a charge on the property under the security of the mortgage.

31. GUARANTEE

In consideration for our making a loan to the borrower, each person who signs the mortgage or the loan commitment as guarantor unconditionally and irrevocably guarantees to us, as principal debtor and not as surety, the due and punctual payment of the loan amount and the due and punctual performance of all of the obligations of the borrower under the mortgage and the loan commitment at all times until the loan amount is paid in full and all other obligations of the borrower have been fully performed. Each guarantor, if there is more than one, will be jointly and severally liable with the borrower and with each other for complying with all of the obligations of the borrower under the mortgage and the loan commitment. We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any security (including, without limitation, the mortgage) or the property including, without limitation, releasing, realizing on or replacing any security we may hold, give releases or discharges, increase the interest rate, amend the terms of the mortgage or the loan commitment and generally deal with all matters affecting the mortgage and the loan commitment and the obligations of the borrower either before or after requiring payment from any person without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and the obligations of any guarantor will not be altered by the bankruptcy of the borrower or any guarantor. The enforcement of the obligations of a guarantor under this section 31 may take place before, after or at the same time as the enforcement of the obligations of the borrower or any other guarantor under the mortgage or the enforcement of any security for any such obligation. Each guarantor agrees that he, she or it has read the mortgage and the loan commitment and is fully aware of its terms and in particular the terms of this section 31.

32. DISCHARGE

After you have paid us the loan amount and fulfilled all of your other obligations under the mortgage and the loan commitment, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our then current administration or processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on title to the property and to pay the registration fee.

33. ADMINISTRATION FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of the mortgage. If not paid, such fees will be added to the loan amount and will bear interest at the current mortgage rate.

The amount of such fees in effect at any time is available by calling us at the telephone number set out in the loan commitment or by visiting the internet website set out in the loan commitment.

34. *NATIONAL HOUSING ACT* (CANADA)

All mortgages insured by a mortgage insurance company are made in pursuance of the *National Housing Act* (Canada).

35. *ONTARIO NEW HOME WARRANTIES PLAN ACT*

If the *Ontario New Home Warranties Plan Act* applies to the property, you agree to comply with the requirements of such act and to reimburse us for any costs which we incur in complying with such requirements on your behalf if you fail to do so and to reimburse us for any costs which we incur in enforcing your rights under such act if you fail to do so. Such costs are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the current mortgage rate.

36. CHANGE OF CORPORATE CONTROL

If the borrower is a corporation, the borrower agrees that if (a) the borrower fails to supply to us, in a form satisfactory to us, such information relating to the ownership of its shares as we may from time to time require, or (b) without our prior written consent, (i) the borrower issues or redeems any of its shares or any of its shares are transferred, or (ii) there is a transfer of the legal or beneficial interest of any of the shares of the borrower, or (iii) the borrower amalgamates, merges or consolidates with any other person or corporation, and the result of any such event is a change in the effective control of the majority of the voting shares of the borrower, then the loan amount will immediately become due and payable at our option, and our power of sale and all other remedies for enforcement will be exercisable.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date, regardless of the date of signature of the mortgage.

38. WHO IS BOUND

You agree to be bound by all of your obligations contained in the mortgage. The mortgage is also binding on and enures to the benefit of your successors and anyone else to whom the property is transferred. The mortgage is also binding on and enures to the benefit of our successors and assigns and on anyone to whom we may assign the mortgage.

If more than one person signs the mortgage as borrower, then all persons who so sign are jointly and severally liable to comply with all obligations under the mortgage.

39. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

40. HEADINGS

Headings in the mortgage do not form part of the mortgage and are used only for easy reference.

41. STATUTE REFERENCES

Unless expressly stated otherwise, any reference in this set of standard charge terms to a statute is a reference to such statute and the regulations thereunder, if any, as such statute and regulations may be amended or replaced from time to time.

42. GOVERNING LAW

This set of standard charge terms and the mortgage will be governed by the laws of the Province of Ontario.

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43. ENTIRE AGREEMENT

The loan commitment and the mortgage constitute the entire agreement between the borrower and the mortgagee concerning the matters addressed therein. The mortgage is in addition to, and not in substitution for, any other security that we may have in the property of the borrower or the property of any other person.

44. AMENDMENTS TO STANDARD CHARGE TERMS

This set of standard charge terms may be amended and specific provisions added, deleted or changed by adding a schedule to the form of mortgage registered in the land registry office.

45. EXCLUSION OF STATUTORY COVENANTS

The covenants contained in section 7(1) of the *Land Registration Reform Act* (Ontario) are excluded from the mortgage.

ING BANK OF CANADA

Name: Stephen Stewart
Title: Chief Lending Officer

Name: Johanne Brossard
Title: President & Chief Executive Officer

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200510 Cote
Filing Date 11th MARCH 2005 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
Set of Standard Charge Terms

Filed by: CIBC Mortgages Inc.
Filing Number:

Filing Date:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in the schedule attached to the registered document, if any.

1. Definitions

In this set of standard charge terms:

Act means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, (as amended or replaced);

borrower, you and **your** mean each person who signs the mortgage as chargor(s);

CIBC means Canadian Imperial Bank of Commerce;

CIBC Prime Rate means the variable reference rate of interest per year declared by CIBC from time to time to be its prime rate for Canadian dollar loans made by CIBC in Canada;

CMHC means Canada Mortgage and Housing Corporation;

Condominium Act means the *Condominium Act*, R.S.O. 1990, c. C.26 or *Condominium Act*, S.O. 1998, c. C.19 (as amended or replaced);

condominium corporation means the condominium corporation created by the registration of a declaration in respect of your property under the *Condominium Act*;

declaration means the declaration (as amended or replaced from time to time) which, together with a description, was registered under the *Condominium Act* to create the condominium corporation;

GEMI means GE Capital Mortgage Insurance Company (Canada);

interest adjustment date means the date specified in the registered document;

lender, we, our and **us** mean CIBC Mortgages Inc., as chargee;

loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

mortgage or **charge**, when used as a noun, means the registered document, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

paragraph refers to a numbered paragraph in this set of standard charge terms;

payment amount means the amount specified in the registered document;

principal amount means the amount set out in the registered document;

registered document means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;

schedule means any schedule attached to the registered document;

taxes means all taxes, rates and assessments of any nature or kind, including, without limitation, real property taxes, local improvement rates, school taxes, development charges and levies, penalties or costs associated with cleanup following a fire, explosion or other destruction or damage and any taxes or duties levied in lieu of or in substitution for any of the foregoing and interest and penalties on any of them; and

your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to any building, structure or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the condominium corporation, and references to "your property" mean all or any part of it.

2. Exclusion of Statutory Covenants

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. Our Loan to You

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time:

a) if you are the owner of your property, you charge your entire interest in your property to us; or

b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including, but not limited to, any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;

to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. **Fixed Interest Rate (Applicable only to fixed rate mortgages)**

The interest rate payable by you is specified in the registered document. Interest is compounded semi-annually not in advance. Interest is payable at the frequency set out in the registered document. Interest is calculated on each regular payment date at the said interest rate. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, per diem interest will be calculated on the basis of a 29-day month. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee may be payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Interest is calculated half-yearly not in advance, within the meaning of the Interest Act (Canada), R.S.C. 1985, c. I.15.

5. **Variable Interest Rates (Applicable only to variable rate mortgages)**

a) **Interest Rate**

The interest rate payable by you is specified in the registered document and is a variable rate per annum equal to:

i) in the case of variable rate mortgages excluding the CIBC Better Than Prime Mortgage, CIBC Prime Rate, as the same will vary from time to time, plus or minus the number of percentage points per annum, if any, indicated in the registered document; or

ii) in the case of the CIBC Better Than Prime Mortgage, the CIBC Better Than Prime Mortgage Rate of the lender as set out in the registered document (the "CIBC Better Than Prime Mortgage Rate").

The interest rates set out above in this paragraph will vary automatically each time there is a change in the CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate, as the case may be, without any notice to you. At any particular time, the interest rate chargeable under the mortgage is called the "current mortgage rate". Interest is payable at the frequency set out in the registered document and is calculated daily using a simple interest formula (which is the same as calculated yearly), not in advance. Even in a leap year, interest is calculated by multiplying the then-outstanding principal amount by the current mortgage rate in effect at the applicable time, dividing the product by 365 and multiplying the result by the number of days in the payment period during which such current mortgage rate was chargeable. Interest is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

b) **Changes in Interest Rate**

Within a reasonable time after each change in the CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate, as applicable, we may mail to you, at your last known address according to our records, a notice of the changed CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate, as applicable, its effective date, and the new current mortgage rate. The interest rate will still vary as set out above even if we fail to send you such a notice or you fail to receive it. The CIBC Prime Rate and CIBC Better Than Prime Mortgage Rate in effect at any time are available at any branch in Canada of CIBC.

In the event that it may be necessary to prove the CIBC Prime Rate or CIBC Better Than Prime Mortgage Rate applicable at any time, it is agreed that a certificate in writing of the lender setting out the rate shall be deemed to be conclusive evidence as to the rate at such time.

c) **Deferred Interest**

The amount of interest that has accumulated on the loan amount from one regular payment date to the next which exceeds the regular loan payment amount is called "deferred interest". Interest at the current mortgage rate will be charged on the deferred interest from and including such regular payment date. On the next regular payment date, all interest which has accumulated on deferred interest from the previous regular payment date shall be added to and become deferred interest and will itself bear interest from and including the regular payment date at the current mortgage rate. The amount of deferred interest outstanding from time to time may be obtained by contacting us.

6. **Compound Interest on Overdue Amounts**

If you do not make the regular mortgage payment or any other payment when required by the mortgage, we will charge interest on all overdue amounts (including interest) at the rate provided for in the mortgage both before and after the balance due date set out in the registered document, default and judgment. This additional interest must be paid by you immediately upon demand, both before and after the balance due date, default and judgment.

7. **Repayment of Loan Amount**

a) **Currency and Place**

You will pay the loan amount to us in Canadian dollars, at the address set out in the registered document or as you may be notified in writing.

b) **Interest Adjustment Date**

i) **If this is a fixed rate mortgage,** interest on advances up to the interest adjustment date will be calculated in the manner and at the rate in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, from any advance or advances which we make, or deducted by us on the first regular mortgage payment date.

ii) **If this is a variable rate mortgage,** interest on advances up to the interest adjustment date will be calculated daily at the current mortgage rate, and at our option will be paid by you or deducted by us on the interest adjustment date, from any advance or advances which we make, or deducted by us on the first regular payment date.

iii) **If this is a building mortgage,** accrued interest on progress advances is calculated daily and payable monthly up to the interest adjustment date established for the initial term of the mortgage and may be retained without adjustment out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage will be deducted from the last substantial advance.

c) **Regular Payments**

You will make regular payments of principal and interest to us on the payment dates and in the amounts specified in the registered document starting with the first payment date until and including the last payment date. When not in default, you shall have the privilege of changing your regular payment date to any date acceptable to us. Should you choose to exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee may be payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

d) **Term/Amortization (Applicable only to variable rate mortgages)**

The interest rate specified in your mortgage is subject to variations as set out herein. The principal and interest payment, however, is fixed during the term of the mortgage unless changed by you pursuant to the terms of your mortgage, if applicable. Subject to paragraph 8 below, payments are applied first to the current interest owing on the outstanding principal amount up to the date of such payment and then the balance, if any, to the principal amount. If the interest rate increases, a larger portion of the regular payment amount will be applied to interest and a smaller portion to the principal amount, with the result that the balance owing on the maturity date may be larger than the amount originally set out in your mortgage disclosure statement. If the interest rate increases above the trigger rate set out in your mortgage disclosure statement, your payment amount will no longer cover the interest portion of your regular payment amount and the amortization period of the mortgage may increase. In such a case, you shall be required to increase your payment amount so that the mortgage will be repaid in full over the remaining balance of the original amortization period.

e) **Payment Provisions on Default**

If you do not meet any of your obligations under the mortgage, including the obligation to make payments, you must immediately pay to us all outstanding amounts. Further, we may require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 21.

f) **Bank Account for Payments**

You must maintain a bank account of a type satisfactory to us with a branch of CIBC and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment amount. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph 7. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

8. How We Apply Your Payments

Each of your regular payment amounts will be applied in the following order:

a) to pay collection expenses, if any;

b) to pay life insurance premiums payable in respect of the mortgage, if any;

c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts;

d) to pay any applicable administration and processing fees;

e) to pay interest or reduce the interest (including deferred interest, any outstanding or late interest charges) on the principal amount accumulated to but not including the payment date;

f) to reduce the principal amount.

However, if you do not meet any of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we may choose. The amount of interest in arrears may be obtained by contacting us.

9. Your Prepayment Rights (Applicable to all mortgages)

a) If the term of the mortgage is greater than five years and you are not a corporation, you may prepay the outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us, in addition to the outstanding loan amount owing to the date of prepayment, an amount equal to three months' interest costs calculated at your existing annual interest rate on the date of prepayment on the amount prepaid.

b) If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

c) Subject to the provisions of paragraphs 9(a) and 9(b) above, if you have complied with all your obligations under the mortgage and your property contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights:

9.I Standard Prepayment Privileges

If you have a fixed rate closed mortgage, a 6-Month Term Convertible Closed Mortgage or a CIBC Better Than Prime Mortgage:

a) In each calendar year, you may increase the amount of your regular payment amount without penalty. The total of these increases during the term of your mortgage may not exceed one hundred percent (100%) of the amount of the original regular payment amount. You may also decrease the amount of your regular payment amount provided that the resulting amortization period does not exceed the remaining balance of the original amortization period.

b) In each calendar year, you may prepay up to 10% (15% if you have a CIBC AeroMortgage* or a CIBC Better Than Prime Mortgage) (the "Privilege Amount") of the original principal amount of your mortgage without notice, bonus or penalty. Each prepayment can only be made on a regular payment date and shall be not less than $100. If you do not use this privilege in a calendar year, you cannot carry forward this right of prepayment to any following calendar year. This right of prepayment without notice, bonus or penalty does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this right of prepayment in the calendar year during which the mortgage is prepaid in full.

c) In addition:

i) **If you have a fixed rate closed mortgage or a 6-Month Term Convertible Closed Mortgage,** you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon paying the higher of the following two amounts, each of which will be calculated by us using a method determined by us from time to time in our discretion:

- three months' interest costs calculated at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing annual interest rate), on the amount prepaid by you; and
- the interest rate differential amount calculated as follows:

⇨ **If you are making a partial prepayment in an amount in excess of the Privilege Amount,** the interest rate differential amount is the difference between:

A. the interest costs calculated from the prepayment date to the maturity date of your mortgage at your existing annual interest rate (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; and

B. the interest costs calculated at the reinvestment rate (determined in accordance with the table below) from the date of prepayment to the maturity date of your mortgage on the amount prepaid by you.

⇨ **If you are prepaying all of the outstanding principal amount of your mortgage in full,** the interest rate differential amount is the difference between:

A. the interest costs calculated from your last scheduled regular payment date which falls on or before the prepayment date (whether or not such regular payment was made) to the maturity date of your mortgage at your existing annual interest rate (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; and

B. the interest costs calculated at the reinvestment rate (determined in accordance with the table below) from your last scheduled regular payment date which falls on or before the date of prepayment (whether or not such regular payment was made) to the maturity date of your mortgage on the amount prepaid by you.

Reinvestment Rate Table

Find the remaining term of your mortgage in Column A.

If you are making a partial prepayment in an amount in excess of the Privilege Amount, the Reinvestment Rate is the posted interest rate charged by us on the date of prepayment for a closed CIBC brand mortgage product similar to yours with the term shown on the adjacent line in Column B.

If you are prepaying your mortgage in full, the Reinvestment Rate is the posted interest rate charged by us on the date the mortgage payout statement was generated for a closed CIBC brand mortgage product similar to yours with the term shown on the adjacent line in Column B.

Column A	Column B
Less than or equal to 12 months	6 months
Greater than 12 months and less than or equal to 18 months	1 year
Greater than 18 months and less than or equal to 30 months	2 years
Greater than 30 months and less than or equal to 42 months	3 years
Greater than 42 months and less than or equal to 54 months	4 years
Greater than 54 months and less than or equal to 78 months	5 years
Greater than 78 months and less than or equal to 102 months	7 years
Greater than 102 months and less than or equal to 120 months	10 years

"Any discount you received on your existing annual interest rate" includes, without limitation, any program discount you received, such as the CIBC Better Than Posted Mortgage Promotional Rate and the CIBC Better Than Posted Mortgage Ongoing Rate.

ii) **If you have a CIBC Better Than Prime Mortgage,** you may prepay some or all of the outstanding principal amount of your mortgage at any time before the maturity date upon payment of three months' interest costs on the amount prepaid by you, calculated at the following interest rate:

A. **If you are making a partial prepayment,** the current CIBC Prime Rate in effect on the prepayment date;

B. **If you are prepaying all of the outstanding principal amount of your mortgage in full,** the current CIBC Prime Rate in effect on the date we generate the mortgage payout statement.

d) **If you wish to prepay all of the outstanding principal amount of your mortgage in full,** if you ask us to, we will provide you with a statement of the amount required to pay off your loan amount in full as of any date you specify, provided that the date you specify is within the 30 days following your request (the "Statement Effective Date"). We will not process any mortgage payments, or any other payments which we receive, between the date on which we generate your mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on amounts, including regular mortgage payments, which we do not process during that time. If you do not pay out your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments which we did not process, and any other payments which we received, between the date on which we generated your mortgage payout statement and the Statement Effective Date.

e) The prepayment charges set out above are payable in addition to interest at the rate specified in the registered document, and, where applicable, interest on accrued interest in connection with payments not processed between the date on which you made your last regular payment and the prepayment date.

9.II Open Prepayment Privileges

If you have a fixed rate open mortgage or a variable rate open mortgage:

You may prepay all or any part of the outstanding loan amount on any regular mortgage payment date without notice, bonus or penalty.

9.III U.S.A. Resident

If you are a resident of the United States of America ("U.S.A.") for tax purposes at the time you prepay your mortgage, related prepayment charges may be construed as "interest" for U.S.A. tax purposes. In such case, we reserve the right to apply the factor described in section 45 hereof against such prepayment charges in order to offset the tax liability described in section 45.

10. Early Renewal (Applicable only to a fixed rate open mortgage and a variable rate open mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the balance due date set out in the registered document. You must apply in person to use this right of early renewal at any branch of CIBC. You will be able to renew the mortgage by selecting from the mortgage options that we offer at the time that you apply for early renewal and you must sign a mortgage amending agreement/early renewal agreement acceptable to us which will contain all amended terms, conditions and provisions of the mortgage selected. The interest rate payable by you will be our interest rate for the mortgage option selected by you in effect at the date that you sign the mortgage amending agreement/early renewal agreement. You agree to pay us any administration and processing fees to early renew, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payments. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

11. Designated Amount (Applicable only to a CIBC Better Than Prime Mortgage and a variable rate open mortgage)

a) Designated Amount means 105% of the original principal amount of the mortgage or such other amount as agreed to in writing by us.

b) If at any time the outstanding loan amount exceeds the Designated Amount, you shall be required to take one of the following actions:

i) increase the amount of your regular payment amount so that the mortgage will be repaid in full over the remaining balance of the original amortization period;

ii) reduce the loan amount owing by making a lump sum payment sufficient to reduce the outstanding loan amount below the Designated Amount;

iii) convert the mortgage to a fixed rate mortgage in accordance with paragraph 12; or

iv) a combination of any of (i),(ii), or (iii) above.

If you do not choose one of (i), (ii), (iii) or (iv) above, then, at our option, the mortgage will immediately become due and payable or we will increase your regular payment amount in accordance with paragraph 11(b)(i) above.

12. Convertibility

(Applicable only to a 6-Month Term Convertible Closed Mortgage, a CIBC Better Than Prime Mortgage and a variable rate open mortgage)

a) If you have complied with all your obligations under the mortgage, you may convert the mortgage to a mortgage with the interest rate and terms that are offered to you by us under the CIBC brand at the time of conversion. The following conditions also apply:

  i) **If you have a 6-Month Term Convertible Closed Mortgage,** your property must contain no more than four living units (unless it is a single residential condominium unit) and the mortgage must be converted to a fixed rate closed mortgage having a term of one year or more, or a five year term CIBC Better Than Prime Mortgage; or

  ii) **If you have a CIBC Better Than Prime Mortgage,** you must convert to a fixed rate closed mortgage having a term of three years or more.

b) You must apply to use this right of conversion in person at any branch of CIBC. You must also sign our mortgage amending agreement which will contain all amended terms, conditions and provisions of the mortgage selected. The interest rate payable by you will be the interest rate for the mortgage option selected by you in effect at the date that you sign the mortgage conversion/amending agreement. You agree to pay us any applicable administration and processing fees, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payment and any accumulated deferred interest. You also agree that you will pay all legal expenses with respect to the conversion documentation and its registration. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

c) Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply and the prepayment privileges, if any, will be contained in the conversion/amending agreement.

13. CIBC AeroMortgage* and CIBC Hbc Rewards Mortgage**

a) The prepayment privileges contained in paragraphs 9 and 9.I above apply.

b) You (and any guarantor, if applicable) agree that only one Aeroplan* or Hbc account is eligible for Aeroplan Miles or Hbc Rewards points credited in respect of the mortgage.

c) You agree that the planholder designated by you (who must have reached the age of majority in their province of residence) (the "Planholder") will be the beneficiary of the Aeroplan Miles or Hbc Rewards points which will be credited to the Planholder's account number provided, or to the account number assigned by Air Canada or Hudson's Bay Company.

d) You agree that the Planholder will be solely responsible for any tax liability and/or tax reporting obligations arising from the awarding or redemption of Aeroplan Miles or Hbc Rewards points.

e) You agree that the Planholder designation shall not be changed during the term of the mortgage or during any renewal, and may only be changed at maturity, or at the time of renewal or conversion.

f) Nothwithstanding paragraph (e), in the event of a title transfer and/or assumption, we will continue crediting Aeroplan Miles or Hbc Rewards points to the designated Planholder until a new Planholder is designated in writing by all parties to the mortgage. We will start crediting Aeroplan Miles or Hbc Rewards points to the new Planholder on the payment date following receipt of such change of designation.

g) If the mortgage is in good standing and payments are not in arrears, the Planholder will be credited with Aeroplan Miles or Hbc Rewards points on the interest portion paid on the regular payment amount. The number of Aeroplan Miles or Hbc Rewards points to be awarded in respect of interest paid will be determined by us, in our sole discretion, from time to time.

h) If the mortgage goes into arrears, we will discontinue crediting Aeroplan Miles or Hbc Rewards points. When payments are brought up to date, we will credit accrued Aeroplan Miles or Hbc Rewards points.

i) Aeroplan Miles and Hbc Rewards points accumulated on your mortgage have no monetary value and can only be redeemed as permitted by Air Canada or Hudson's Bay Company, as the case may be. Aeroplan Miles and Hbc Rewards points are not transferable.

j) We have the right to cancel the CIBC AeroMortgage program or CIBC Hbc Rewards program at any time without prior notice to you.

14. Certain Promises You Make to Us

a) You certify and agree with us that:

  i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

  ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property other than as disclosed to and approved by us in writing;

  iii) you have the right to give us the mortgage;

  iv) there are no limitations affecting your interest in and your title to your property except for any restrictions registered against the title to your property and except for building and zoning by-laws, with all of which you have complied;

  v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

    - no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders and only then, if you have given us prior notice of such intended use and we have approved such intended use in writing;

- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property; and
- no part of your property is, or will in the future be, used for any illegal purpose, including without limitation a brothel, a gaming house, or the cultivation or processing of marijuana or other illegal substances.

We may (but are not obligated to) require you, at your expense, from time to time, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph. Should your property be found to contain any hazardous or illegal substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous or illegal substances on your property and any breach of your obligations under this paragraph;

vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

vii) if you default in any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference;

viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

b) If you are a tenant or lessee of your property, you also certify and agree with us that:

i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

iii) you have the consent of your landlord or lessor, or you have the right without your landlord or lessor's consent, to charge your interest in the lease to us and will provide us with written evidence satisfactory to us;

iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered against the title to your property and except for building and zoning by-laws, with all of which you and your landlord or lessor have complied;

v) you will pay rents and other payments required by the lease as they fall due;

vi) you will comply with all your other obligations set out in the lease;

vii) you will not surrender the lease or cause it to be terminated;

viii) you will not make any change in the lease without first obtaining our written consent;

ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease have been fully charged to us and that the loan amount is adequately secured;

xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 14(b)(xii) as you already have under other provisions of the mortgage and at law;

xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 26(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 26 and, in particular, under paragraph 26(a)(iv);

xv) we may remove you or any other person as trustee of the trust referred to in paragraph 14(b)(xiii) and appoint a new trustee or trustees.

15. Demolition and Alterations

a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

b) The above work must be completed, as quickly as reasonably possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of such compliance when requested.

c) You will also provide us with proof of payment of all amounts owing in connection with the above work. You must retain all required holdbacks unless we elect to do so. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

16. Insurance (Paragraph 16 does not apply if your property is a single residential condominium unit)

a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars until the mortgage has been paid out. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been paid out, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, provide us with certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds payable to us under this mortgage. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

i) used to repair or rebuild your property;

ii) paid to you; and/or

iii) used to reduce any part of the loan amount, whether due or not, including any amounts payable to us under paragraph 9, if applicable.

17. Property Taxes

a) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

b) After the interest adjustment date, you agree to pay to us, on each date on which a regular payment amount is due, the applicable tax instalment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax instalment shall be:

i) if the payments of the principal and interest are weekly:
estimated annual taxes x 7/365

ii) if the payments of the principal and interest are bi-weekly:
estimated annual taxes x 14/365

iii) if the payments of the principal and interest are semi-monthly:
estimated annual taxes x 1/24

iv) if the payments of the principal and interest are monthly:
estimated annual taxes x 1/12

c) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 17(b). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 17 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may, at our option, apply any moneys which we have received under paragraph 17 to any portion of the loan amount.

d) Notwithstanding this paragraph 17, we may at our option choose not to require payment of taxes to us, in which case you will be responsible for payment of all taxes relating to your property. You will provide us with all the receipted tax bills by the end of each calendar year. If, for any reason, you do not pay the taxes when required then paragraphs 17(a) through (c) will apply.

18. Repairs

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, law, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do anything, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

19. No Obligation to Make Advances to You Under the Mortgage

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the mortgage then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Notwithstanding the above, you will pay us, on demand, all of our costs, including lawyers' fees (on a substantial indemnity basis) and expenses, for investigating title to your property and for registering the mortgage. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

20. Leases and Rents

a) If your property is approved by us as being owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to give at our option.

b) If your property is a rental property, we must consent to such rental. You hereby assign to us all leases, lease agreements and renewals, whether presently existing or arising in the future, all rents payable under such leases and agreements, and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

c) If you lease in the future any part of your property to another person or persons upon our request, you will:

- execute and deliver to us an assignment of all leases, lease agreements and renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment must be in registrable form acceptable to us and may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including, but not limited to, legal fees and registration costs, relating to such additional security.

d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 20, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

e) Nothing we do under this paragraph 20 will put us in possession of your property and we are not obliged to collect any rent or income from your property nor to comply with any term of any lease or agreement.

f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the *Mortgages Act*, R.S.O. 1990, c.M.40 (as amended or replaced).

21. Acceleration of Repayment of Loan Amount

The loan amount will immediately become payable, at our option, if:

a) you do not make any payment required by the mortgage;

b) you do not comply with any of your other obligations under the mortgage;

c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 14) is untrue;

d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;

e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

22. Building Mortgage

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as reasonably possible in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of such compliance when requested.

Subject to paragraph 19, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. You agree to pay us our then current administration and processing fee for any progress draws. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

We may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, c.C.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

You will also provide us with proof of payment of all amounts owing in connection with the above work.

We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees, shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

23. Releasing Your Property From the Mortgage

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

24. Renewing, Extending or Amending the Mortgage (This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any change in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed, extended or amended, over any other instrument registered against the title to your property after the mortgage. The entering into of any written agreement by us with any borrower and/or with anyone liable to pay the loan amount will not release or affect the liability of any other person who does not sign such written agreement, whether or not such person has received notice of, or consented to, such written agreement.

25. Certain Actions We Can Take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

If you are a tenant or lessee, under a lease of your property we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property and such statement shall be deemed conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a solicitor's final report and certificate of title at your expense.

26. Enforcing Our Rights

a) **Remedies** – If you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies include:

i) **Sue you** – We may take such action as is necessary to collect the loan amount.

ii) **Foreclosure or Sale** – We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iii) **Lease Your Property; Assign Rents** – If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. You assign to us all rents from your property, this assignment becoming effective upon the occurrence of an event of default. We may cancel or amend any lease or lease again, as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any lease to reduce any part of the loan amount. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

iv) **Power of Sale** – If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act* enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel or amend any contract of sale and sell or adjourn any such sale from time to time, all as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any sale to reduce any part of the loan amount. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

v) **Enter on Your Property** – We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount. We may lease or sell your property without actually entering into possession. We will not be considered to be a mortgagee in possession unless we actually take possession of your property. While in possession, we will only be accountable for money actually received.

vi) **Appoint a Receiver** – We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

vii) **Cure any Defaults** – We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

b) **Non-interference** – If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

c) **Our expenses** – All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a substantial indemnity basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees and those of CIBC.

d) **Delay in Enforcement** – Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations.

e) **Judgments** – If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

27. Condominium

(If your property is a condominium unit, you must also comply with paragraph 27 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 16).

a) **Compliance with the *Condominium Act*, etc.** – You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

b) **Payment of Amounts and Common Expenses** – You will pay all amounts required by the *Condominium Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

c) **Notices and Demands** – You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, new rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

d) **Voting Rights –**

  i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

  ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

e) **Acceleration of Repayment of Loan Amount** – At our option, the loan amount will become payable immediately if:

  i) government of the property of the condominium corporation under the *Condominium Act* is terminated;

  ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

  iii) the condominium corporation fails to comply with the *Condominium Act*, declaration, by-laws or rules and regulations;

  iv) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

  v) the condominium corporation fails to insure all the condominium units and common elements in accordance with paragraph 27(f) and according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

f) **Insurance** – Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us, and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us with evidence of renewal at least fifteen days before the termination of any insurance we are entitled but not obligated to insure the buildings or improvements. If we ask for them, you must give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due including any amounts owing to us under paragraph 9, if applicable.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

28. Due on Sale and Release

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Accepting any payment from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not unreasonably withhold our approval. Should you exercise this privilege, there may be an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

i) we give our written approval to you to transfer title to your property;

ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and

iii) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

29. Assumption

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage as if you had signed the mortgage.

30. Inspection

If we, CMHC or GEMI (if this is a CMHC or GEMI insured mortgage), or our respective agents have reason to believe that your property does not comply with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GEMI or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GEMI consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property.

Should your property be found to contain any hazardous substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous substances from your property and repair the damage to your property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous substances on your property and any breach of your obligations under this paragraph.

We, CMHC or GEMI and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

31. Expropriation

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest including any amounts payable to us under paragraph 9, if applicable.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

32. Guarantee

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's heirs, executors, successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment, any renewals, any extension, deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's heirs, executors, successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

33. Discharge

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administration and processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. Administration and Processing Fees

In addition to the administration and processing fees set out in other paragraphs of the mortgage, you also agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, any fees referred to in paragraph 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage from the date such fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you, including, but not limited to, providing copies of documents from your file, providing duplicate documents, providing an amortization schedule, offsite retrieval of your file or information or documents requested by you, providing a detailed breakdown of your payment history or tax account, audit verification, courier charges, and our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

The amount of any such fees is subject to change at any time or times without notice to you. The amount of such fees in effect at any particular time is available from any branch, in Canada, of CIBC, or by contacting us.

35. Portability

If you have complied with all your obligations under the mortgage, upon written application by you, the bona fide arms length sale of your property and the purchase by you of another property (the "new property") within 120 days of the sale of your property, we will provide financing for your purchase of the new property on the security of a mortgage (the "new mortgage") registered on title to the new property, provided that:

a) on the date of completion of the sale of your property, the loan amount is prepaid in full, and the prepayment of the principal amount outstanding under the mortgage will be subject to the prepayment provisions described above that apply to the mortgage. However, provided the new mortgage is advanced within the 120 day period following prepayment of the mortgage we will, subject to subparagraph (c) below, refund to you the amount of any prepayment charge paid in respect of this prepayment;

b) if the principal amount of the new mortgage (the "new mortgage amount") is the same as the principal amount outstanding under the mortgage at the date of prepayment, the interest rate applicable to the mortgage will apply to the new mortgage for the period of time equivalent to the time from the prepayment date of the mortgage to its maturity date (the "remaining term");

c) if the new mortgage amount is less than the principal amount outstanding under the mortgage at the date of prepayment, the interest rate applicable to the mortgage will apply to the new mortgage for the period of time equivalent to the remaining term of the mortgage, and the prepayment charge paid on the amount by which such principal amount outstanding on the mortgage exceeds the new mortgage amount on the date of prepayment will not be refunded to you pursuant to subparagraph (a) above;

d) if the new mortgage amount exceeds the principal amount outstanding under the mortgage at the date of prepayment, the new mortgage interest rate will be:

   i) **If this is a variable rate mortgage,** the variable interest rate specified in this mortgage;

   ii) **If this is a fixed rate mortgage with a remaining term of less than or equal to 12 months,** a rate of interest that blends (1) the interest rate specified in this mortgage, and (2) the rate of interest we offer on the date the new mortgage is advanced for a closed, fixed rate CIBC brand mortgage product similar to yours having a 6 month term; or

   iii) **If this is a fixed rate mortgage with a remaining term of more than 12 months,** a rate of interest that blends (1) the interest rate specified in this mortgage, and (2) the rate of interest we offer on the date the new mortgage is advanced for a closed, fixed rate CIBC brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

   The term of the new mortgage will be for a period equivalent to the remaining term of the mortgage; and

e) our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage will apply to your application and must be met, including the CMHC or GEMI mortgage insurance requirements, if applicable, and you will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

36. Family Law Act

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c.F.3 (as amended or replaced).

37. Doctrine of Consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

38. Date of Mortgage

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document regardless of the date of the signature(s).

39. Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act*, R.S.O., 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

40. Who is Bound

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anyone else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is a female or a corporation, then the mortgage will be read with all necessary grammatical changes.

41. Partial Invalidity

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

42. Paragraph Headings

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

43. National Housing Act

All CMHC insured mortgages are made in pursuance of the *National Housing Act*, R.S.C. 1985, c.N.11, as amended or replaced from time to time.

44. Making Material Change

Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the term of the mortgage will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not receive notice of the changes or agree to the changes in writing.

45. U.S.A. Resident

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us. The interest rate on your mortgage is or will be based on our normal lending rates multiplied by a factor of 1.1111 which offsets our obligations to remit this tax to the U.S.A. tax authorities. This factor, however, is subject to change anytime during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority therein, makes a change to the amount of tax to be paid.

Examples:

If you are a resident of the U.S.A. at the time that the mortgage is initially entered into and the normal lending rate is 6.250% per annum, your interest rate will be 6.944% per annum (i.e., 6.250% x 1.1111); or

If you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% per annum, your new interest rate will be 6.944% per annum (i.e., 6.250% x 1.1111).

46. Clawback Clause (Cash Back Offer)

If you have a mortgage which offered a "Cash Back" option and any of the terms and conditions of the original registered mortgage are amended or the mortgage is discharged, refinanced, ported, assumed or early renewed prior to its maturity date for any reason, you will repay us all or a portion of the cash amount received. The repayment is separate from any prepayment charges or fees applicable to the mortgage and we may add the repayment amount to the principal amount owing under the mortgage at the time of the amendment, discharge, refinance, port, assumption or early renewal.

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47. Equivalent Interest Rates

If the interest rate specified in your mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below.

CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

48. Determination of the Components of Monthly Payments

While the amount of each regular mortgage payment (excluding any amount payable in respect of taxes and life insurance) to be paid by you under the mortgage is fixed under the terms of the mortgage, the amount of the interest and principal components of each regular mortgage payment may vary. The following provides a method whereby you may estimate the portion of each regular mortgage payment which will be applied to the payment of interest or deferred interest or in reduction of the principal amount. The results you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for use in the example below. You may obtain the exact amounts by contacting us.

Method of Calculation

1. Determine the number of days in the payment period, including the date of the immediately preceding payment (or, in the case of the first payment, the interest adjustment date) and excluding the date on which the regular mortgage payment is being paid.

2. a) i) If you have a fixed rate mortgage, apply the formula in the box below in order to estimate the amount of interest which accrued on the principal amount in the payment period.

   ii) If you have a variable rate mortgage, determine, for each different current mortgage rate chargeable during the payment period, the number of days on which such current mortgage rate was chargeable. Apply the formula in the box below for each such current rate, in order to determine the amount of interest which accrued on the principal amount in the payment period for each current mortgage rate. Add each of the interest components calculated in accordance with this formula in order to determine the **total amount of interest** which accrued on the principal amount during the period:

$$\boxed{\begin{array}{c}\text{Principal amount owing}\\ \text{after immediately}\\ \text{preceding payment}\end{array} \times \text{Current Mortgage rate} \times \frac{\begin{array}{c}\text{Number of days during payment period on}\\ \text{which such current mortgage rate was}\\ \text{chargeable}\end{array}}{365}}$$

(If the calculation is made in respect of the first regular mortgage payment, the principal amount used in the formula will be the principal amount owing on the interest adjustment date.)

   b) The same procedure is followed to estimate the total amount of interest which accrued on any deferred interest during the period, except that, in the formula, the deferred interest owing after the immediately preceding payment is used instead of the principal amount then owing. The total amount of interest which accrued on the deferred interest during the period is then added to the deferred interest which was owing after the immediately preceding regular mortgage payment in order to determine the **deferred interest outstanding** on the mortgage payment date.

   c) The regular mortgage payment is applied as follows:
      i) to pay collection expenses, if any;
      ii) to pay life insurance premiums payable in respect of the mortgage, if any;
      iii) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts");
      iv) to pay any applicable administration or processing fees;
      v) to pay interest or reduce the interest (including deferred interest, any outstanding or late interest charges) on the principal amount accumulated to but not including the payment date;
      vi) to reduce the principal amount.

Example

1. The following example indicates how these calculations are carried out in practice. In this example, assume the following information:
   a) the principal amount owing after the immediately preceding regular mortgage payment – $50,000.00;
   b) the amount of deferred interest owing after the immediately preceding regular mortgage payment – $40.00;
   c) current mortgage rate during the payment period – 10%;
   d) the amount of the regular mortgage payment – $600.00;
   e) number of days in the payment period – 28;
   f) collection expenses – $45.00;
   g) life insurance premiums – $20.00; and
   h) tax account – $100.00.

2. a) Use the formula set out above to estimate the interest which accrued on the principal amount during the period –

$$\$50,000 \times \frac{10}{100} \times \frac{28}{365} = \$383.56^*$$

   b) Use the formula to estimate the interest which accrued on the deferred interest during the period –

$$\$40 \times \frac{10}{100} \times \frac{28}{365} = \$0.31^*$$

   Add this amount to the deferred interest owing after the immediately preceding regular mortgage payment to determine the deferred interest outstanding on the regular mortgage payment date – $40.00 + $0.31* = $40.31

From the regular mortgage payment of $600.00, deduct the amounts specified in (f), (g) and (h) above (which total $165.00), and the interest which accrued on the principal during the period ($383.56*), and the deferred interest ($40.31*), leaving a balance of $11.13*. Apply this balance of $11.13* to reduce the principal amount.

*These amounts are only estimates. You may obtain the exact amounts by contacting us.

DATED at Toronto, this 7TH **day of** MARCH **, 2005.**

Knight
Patrick M. Knight
Solicitor for CIBC Mortgages Inc.

President's Choice
FINANCIAL
services provided by Canadian
Imperial Bank of Commerce

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 2005 11 Cote
Filing Date MARCH 22nd/05 Date de Dépôt
Pages 17 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
Set of Standard Charge Terms

Filed by: CIBC Mortgages Inc.
Filing Number:
Filing Date:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in the schedule attached to the registered document, if any.

1. Definitions

In this set of standard charge terms:

Act means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, (as amended or replaced);

borrower, you and **your** mean each person who signs the mortgage as chargor(s);

CIBC means Canadian Imperial Bank of Commerce;

CIBC Prime Rate means the variable reference rate of interest per year declared by CIBC from time to time to be its prime rate for Canadian dollar loans made by CIBC in Canada;

CMHC means Canada Mortgage and Housing Corporation;

Condominium Act means the *Condominium Act*, R.S.O. 1990, c. C.26 or *Condominium Act*, S.O. 1998, c. C.19 (as amended or replaced);

condominium corporation means the condominium corporation created by the registration of a declaration in respect of your property under the *Condominium Act*;

declaration means the declaration (as amended or replaced from time to time) which, together with a description, was registered under the *Condominium Act* to create the condominium corporation;

Genworth means Genworth Financial Mortgage Insurance Company Canada;

interest adjustment date means the date specified in the registered document;

lender, we, our and **us** mean CIBC Mortgages Inc., as chargee;

loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

mortgage or **charge**, when used as a noun, means the registered document, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

paragraph refers to a numbered paragraph in this set of standard charge terms;

payment amount means the amount specified in the registered document;

principal amount means the amount set out in the registered document;

registered document means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;

schedule means any schedule attached to the registered document;

taxes means all taxes, rates and assessments of any nature or kind, including, without limitation, real property taxes, local improvement rates, school taxes, development charges and levies, penalties or costs associated with cleanup following a fire, explosion or other destruction or damage and any taxes or duties levied in lieu of or in substitution for any of the foregoing and interest and penalties on any of them; and

your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to any building, structure or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the condominium corporation, and references to "your property" mean all or any part of it.

2. Exclusion of Statutory Covenants

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. Our Loan to You

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time:

a) if you are the owner of your property, you charge your entire interest in your property to us; or

b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including, but not limited to, any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;

to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200511 Cote

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. Fixed Interest Rate (Applicable only to fixed rate mortgages)

The interest rate payable by you is specified in the registered document. Interest is compounded semi-annually not in advance. Interest is payable at the frequency set out in the registered document. Interest is calculated on each regular payment date at the said interest rate. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, per diem interest will be calculated on the basis of a 29-day month. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee may be payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Interest is calculated half-yearly not in advance within the meaning of the *Interest Act*, R.S.C. 1985, c. I-15.

5. Variable Interest Rates (Applicable only to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages and Variable Rate Open Mortgages)

a) Interest Rate

The interest rate payable by you is specified in the registered document and is a variable rate per annum equal to:

i) **If you have a Variable Rate Closed Mortgage, a Variable Rate Open Mortgage or a Special Variable Rate Mortgage**, CIBC Prime Rate, as the same will vary from time to time, plus or minus the number of percentage points per annum, if any, indicated in the registered document. The principal and interest payment will be recalculated every time CIBC Prime Rate changes, based on the current mortgage rate and the then-remaining amortization period of the mortgage; or

ii) **If you have a Variable Rate Mortgage,** CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points per annum, if any, indicated in the registered document. The interest rate shall be adjusted on the first day of each month, and the first interest rate adjustment will not occur until three months from the interest adjustment date. The interest rates set out above in this paragraph will vary automatically each time there is a change in the CIBC Prime Rate, without any notice to you. At any particular time, the interest rate chargeable under the mortgage is called the "current mortgage rate". Interest is compounded semi-annually not in advance and payable at the frequency set out in the registered document. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, per diem interest will be calculated on the basis of a 29-day month. Interest is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Interest is calculated half-yearly not in advance within the meaning of the *Interest Act*, R.S.C. 1985, c. I-15.

b) Changes in Interest Rate

Within a reasonable time after each change in the CIBC Prime Rate, we may mail to you, at your last known address according to our records, a notice of the changed CIBC Prime Rate, its effective date, the new current mortgage rate, and, if applicable, your new principal and interest payment amount. The interest rate will still vary as set out above even if we fail to send you such a notice, or if you fail to receive it. However, if we do send you such a notice, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the notice was sent. The CIBC Prime Rate in effect at any time is available at any CIBC branch in Canada.

In the event that it may be necessary to prove the CIBC Prime Rate applicable at any time, it is agreed that a certificate in writing of the lender setting out the rate shall be deemed to be conclusive evidence as to the rate at such time.

c) Deferred Interest/Negative Amortization

If your regular principal and interest payment is not sufficient to cover the interest accrued on the mortgage from one regular payment date to the next, then the interest outstanding is called deferred interest. Deferred interest will be added to the outstanding principal balance of your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and will bear interest at the current mortgage rate.

6. Compound Interest on Overdue Amounts

If you do not make the regular mortgage payment or any other payment when required by the mortgage, we will charge interest on all overdue amounts (including interest) at the rate provided for in the mortgage both before and after the balance due date set out in the registered document, default and judgment. This additional interest must be paid by you immediately upon demand, both before and after the balance due date, default and judgment.

7. Repayment of Loan Amount

a) **Currency and Place**

You will pay the loan amount to us in Canadian dollars, at the address set out in the registered document or as you may be notified in writing.

b) **Interest Adjustment Date**

(i) **If this is a fixed rate mortgage**, interest on advances up to the interest adjustment date will be calculated in the manner and at the rate specified in the registered document, and at our option will be paid by you or deducted by us on the interest adjustment date, from any advance or advances which we make, or deducted by us on the first regular mortgage payment date.

(ii) **If this is a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage**, interest on advances up to the interest adjustment date will be calculated in the manner specified in the registered document, and at the lesser of (A) the initial rate set seven days prior to the date of advance, and (B) the current mortgage rate in effect on the date of advance. At our option, such interest will be paid by you or deducted by us on the interest adjustment date, or from any advance or advances which we make, or deducted by us on the first regular payment date.

(iii) **If this is a building mortgage**, accrued interest on progress advances is calculated daily and payable monthly up to the interest adjustment date established for the initial term of the mortgage and may be retained without adjustment out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage will be deducted from the last substantial advance.

c) **Regular Payments**

You will make regular payments of principal and interest to us on the payment dates and in the amounts specified in the registered document starting with the first payment date until and including the last payment date. When not in default, you shall have the privilege of changing your regular payment date to any date acceptable to us. Should you choose to exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee may be payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

d) **Term/Amortization (Applicable only to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages and Variable Rate Open Mortgages)**

The interest rate specified in your mortgage is subject to variations as set out herein. The principal and interest payment, however, may be fixed during the term of the mortgage unless changed by you pursuant to the terms of your mortgage, if applicable. Subject to paragraph 8 below, payments are applied first to the current interest owing on the outstanding principal amount up to the date of such payment and then the balance, if any, to the principal amount. If the interest rate increases, a larger portion of the regular payment amount will be applied to interest and a smaller portion to the principal amount, with the result that the balance owing on the maturity date may be larger than the amount originally set out in your mortgage disclosure statement. If the interest rate increases above the trigger rate set out in your mortgage disclosure statement, your payment amount will no longer cover the interest portion of your mortgage owing and the amortization period of the mortgage may increase. In such a case, you may be required to increase your payment amount so that the mortgage will be repaid in full over the remaining balance of the original amortization period.

e) **Payment Provisions on Default**

If you do not meet any of your obligations under the mortgage, including the obligation to make payments, you must immediately pay to us all outstanding amounts. Further, we may require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 23.

f) **Bank Account for Payments**

You must maintain a bank account of a type satisfactory to us with a Canadian financial institution and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment amount. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph 7. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

8. How We Apply Your Payments

Each of your regular payments will be applied in the following order:

a) to pay life insurance premiums payable in respect of the mortgage, if any;

b) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts;

c) to pay for the cost of optional services made available by us and selected by you, if any;

d) to pay any collection expenses or any applicable administration or processing fees;

e) to pay interest or reduce the interest (including any deferred interest, any outstanding interest or late interest charges) on the principal amount accumulated to but not including the payment date; and

f) to reduce the principal amount.

However, if you do not meet any of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we may choose. The amount of interest in arrears may be obtained by contacting us.

9. Your Prepayment Rights (Applicable to all mortgages)

a) If the term of the mortgage is greater than five years and you are not a corporation, you may prepay the outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us, in addition to the outstanding loan amount owing to the date of prepayment, an amount equal to three months' interest costs calculated at your existing annual interest rate on the date of prepayment on the amount prepaid.

b) If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

c) Subject to the provisions of paragraphs 9(a) and 9(b) above, if you have complied with all your obligations under the mortgage and your property contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights:

9.1 Standard Prepayment Privileges

(A) MONTHLY PAYMENT ADJUSTMENT

(i) **If you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage**, once during any 12-month period following the interest adjustment date or anniversary thereof ("anniversary year"), without penalty, you may increase the amount of your regular payment amount to any amount, provided that the amortization period of the mortgage is not reduced to less than five years. You may also decrease the amount of your regular payment amount once during any anniversary year, without penalty, provided that the resulting amortization period does not exceed the remaining balance of the original amortization period. These privileges are non-cumulative, and if you do not use them during an anniversary year, they cannot be carried forward to any subsequent anniversary year.

(ii) **If you have a fixed rate mortgage with a term of 2 years or longer (other than a Basic Mortgage), or an Auto 6 Plus, Convertible 6, Auto 12 Plus or Convertible 12 Mortgage,** once during any anniversary year, without penalty, you may increase the amount of your regular payment amount by up to 15% thereof (if you have an Auto 6 Plus or a Convertible 6 Mortgage) or by up to 25% thereof (if you have any of the other types of mortgages listed). You may also decrease the amount of your regular payment amount once during any anniversary year, provided that the resulting amortization period does not exceed the remaining balance of the original amortization period, and provided that the new regular payment amount may never be less that your original regular payment amount. These privileges are non-cumulative, and if you do not use them during an anniversary year, they cannot be carried forward to any subsequent anniversary year.

(iii) **If you have a Basic Mortgage,** you may not increase or decrease your regular payment amount.

(B) PRIVILEGE AMOUNT

(i) **If you have a fixed rate mortgage with a term of two years or longer (other than a Basic Mortgage), a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, or an Auto 6 Plus, Convertible 6, Auto 12 Plus or Convertible 12 Mortgage,** in each anniversary year, you may prepay up to 10% (if you have an Auto 6 Plus or Convertible 6 Mortgage), or 20% (if you have any of the other types of mortgages listed) (the "Privilege Amount") of the original principal amount of your mortgage without notice, bonus or penalty. Each prepayment can only be made on a regular payment date and shall be not less than $100. This privilege is non-cumulative, and if you do not use it during any anniversary year, you cannot carry it forward to any subsequent anniversary year. This right of prepayment without notice, bonus or penalty does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this right of prepayment in the anniversary year during which the mortgage is prepaid in full.

(ii) **If you have a Basic Mortgage,** you may prepay up to 10% (the "Privilege Amount") of the original principal amount of your mortgage on any anniversary of the interest adjustment date, upon paying a prepayment charge in an amount equal to three months' interest on the amount prepaid. The prepayment charge will be calculated using your annual interest rate in effect on the date of prepayment, plus any discount you received on your annual interest rate. This privilege is non-cumulative, and if you do not use it on any anniversary of the interest adjustment date, you cannot carry it forward to any subsequent anniversary of the interest adjustment date. This prepayment privilege does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this right of prepayment in the anniversary year during which the mortgage is prepaid in full.

(C) PREPAYMENTS IN EXCESS OF THE PRIVILEGE AMOUNT

(i) **If you have a Variable Rate Closed Mortgage,** you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon payment of three months interest costs on the amount prepaid, calculated at the following interest rate:

A. **If you are making a partial prepayment,** your existing annual interest rate on the date of prepayment, plus any discount you received on your existing annual interest rate.

B. **If you are prepaying all of the outstanding principal amount of your mortgage in full,** your existing annual interest rate in effect on the date we generate the mortgage payout statement, plus any discount you received on your existing annual interest rate.

(ii) **If you have a Variable Rate Mortgage or a Special Variable Rate Mortgage,** during the first three years of the term, you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon payment of two months interest costs on the amount prepaid, calculated at the following interest rate:

A. **If you are making a partial prepayment,** your existing annual interest rate on the date of prepayment, plus any discount you received on your existing annual interest rate.

B. **If you are prepaying all of the outstanding principal amount of your mortgage in full,** your existing annual interest rate in effect on the date we generate the mortgage payout statement, plus any discount you received on your existing annual interest rate.

During the fourth and fifth years of the mortgage term, you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, without notice, bonus or penalty.

(iii) **If you have an Auto 6 Plus, Convertible 6, Auto 12 Plus or Convertible 12 Mortgage,** the mortgage is closed and prepayment in excess of the Privilege Amount is not permitted, save for the following exception: you may prepay the full amount of the mortgage at any time, only upon a bona fide arm's length sale of the property with supporting documentation, and upon payment of a prepayment charge in an amount equal to 1% of the outstanding principal balance of the mortgage on the date of prepayment.

(iv) **If you have a fixed rate mortgage with a term of two years or longer (other than a Basic Mortgage),** you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon payment of the higher of the following two amounts, each of which will be calculated by us using a method determined by us from time to time in our discretion:

- three months' interest costs calculated at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing annual interest rate), on the amount prepaid by you; and
- the interest rate differential amount calculated as follows:
  - ⇨ **If you are making a partial prepayment in an amount in excess of the Privilege Amount,** the interest rate differential amount is the difference between:

    A. the interest costs calculated from the prepayment date to the maturity date of your mortgage at your existing annual interest rate (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; and

    B. the interest costs calculated from the prepayment date to the maturity date of your mortgage on the amount prepaid by you, at the posted interest rate charged by us on the prepayment date for a closed President's Choice Financial brand mortgage product which we have determined in our sole discretion to be similar to your mortgage, taking into account the following:

    (i) the remaining term of your mortgage,

    (ii) the features of your mortgage, and

    (iii) whether you have a conventional or a high-ratio mortgage.

⇨ **If you are prepaying all of the outstanding principal amount of your mortgage in full,** the interest rate differential amount is the difference between:

A. The interest costs calculated from your last scheduled regular payment date which falls on or before the prepayment date (whether or not such regular payment was made) to the maturity date of your mortgage at your existing annual interest rate (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; and

B. The interest costs calculated from your last scheduled regular payment date which falls on or before the date of prepayment (whether or not such payment was made) to the maturity date of your mortgage on the amount prepaid by you, at the posted interest rate charged by us on the date the mortgage payout statement was generated for a closed President's Choice Financial brand mortgage product which we have determined in our sole discretion to be similar to your mortgage, taking into account the following:

(i) the remaining term of your mortgage,

(ii) the features of your mortgage, and

(iii) whether you have a conventional or a high-ratio mortgage.

(v) **If you have a Basic Mortgage,** the mortgage is closed and prepayment in excess of the Privilege Amount is not permitted, save for the following sole exception: after the later of the third anniversary of the original interest adjustment date or the third anniversary of any renewal hereof only, you may prepay the full amount of the mortgage upon payment of three months interest costs on the amount prepaid, calculated at your existing annual interest rate in effect on the date we generate the mortgage payout statement, plus any discount you received on your existing annual interest rate.

(D) **If you wish to prepay all of the outstanding principal amount of your mortgage in full,** if you ask us to, we will provide you with a statement of the amount required to pay off your loan amount in full as of any date you specify, provided that the date you specify is within the 30 days following your request (the "Statement Effective Date"). We will not process any mortgage payments, or any other payments which we receive, between the date on which we generate your mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on amounts, including regular mortgage payments, which we do not process during that time. If you do not pay out your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments which we did not process, and any other payments which we received, between the date on which we generated your mortgage payout statement and the Statement Effective Date.

(E) The prepayment charges set out above are payable in addition to interest at the rate specified in the registered document, and, where applicable, interest on accrued interest in connection with payments not processed between the date on which you made your last regular payment and the prepayment date.

9.II Open Prepayment Privileges

If you have a Variable Rate Open Mortgage, when not in default, you may prepay any part of the outstanding loan amount on any regular mortgage payment date, or the full amount of the outstanding loan amount at any time, without notice, bonus or penalty.

9.III U.S.A. Resident

If you are a resident of the United States of America ("U.S.A.") for tax purposes at the time you prepay your mortgage, related prepayment charges may be construed as "interest" for U.S.A. tax purposes. In such case, we reserve the right to apply the factor described in section 47 hereof against such prepayment charges in order to offset the tax liability described in section 47.

10. Increase and Blend (Not applicable to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, Variable Rate Open Mortgages, Auto 6 Plus Mortgages and Convertible 6 Mortgages)

Provided that our mortgage approval criteria, including those as to the borrower and the mortgage terms, are met, you have the privilege of increasing the principal amount secured and/or extending the term of the mortgage at a rate of interest blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

11. Early Renewal (Applicable only to fixed rate mortgages)

If the mortgage is amended to extend the term, for the purpose of the application of Section 10 of the *Interest Act (Canada)* or any other similar federal or provincial legislation permitting prepayment, the date of the mortgage shall be conclusively deemed to be the first day of the last extension of time for payment, and the mortgage shall not be subject to prepayment, in whole or in part, save as may be herein provided.

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the balance due date set out in the registered document. You must apply in writing to use this right of early renewal. You will be able to renew the mortgage by selecting from the mortgage options that we offer at the time that you apply for early renewal and you must sign a mortgage amending agreement/early renewal agreement acceptable to us which will contain all amended terms, conditions and provisions of the mortgage selected. The interest rate payable by you will be our interest rate for the mortgage option selected by you in effect at the date that you sign the mortgage amending agreement/early renewal agreement. You agree to pay us any administration and processing fees to early renew, together with any applicable prepayment charges and any accumulated interest which may result from a change in the frequency of the regular mortgage payments. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

12. **Designated Amount (Applicable only to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages and Variable Rate Open Mortgages)**

    a) Designated Amount means 105% of the original principal amount of the mortgage or such other amount as agreed to in writing by us.

    b) If at any time the outstanding loan amount exceeds the Designated Amount, you shall be required to take one of the following actions:

        i) increase the amount of your regular payment amount so that the mortgage will be repaid in full over the remaining balance of the original amortization period;

        ii) reduce the loan amount owing by making a lump sum payment sufficient to reduce the outstanding loan amount below the original principal amount of the mortgage for the remainder of the mortgage term;

        iii) convert the mortgage to a fixed rate mortgage in accordance with paragraph 13; or

        iv) a combination of any of (i),(ii), or (iii) above.

    If you do not choose one of (i), (ii), (iii) or (iv) above, then, at our option, the mortgage will immediately become due and payable or we will increase your regular payment amount in accordance with paragraph 12(b)(i) above.

13. **Convertibility**
    (Applicable only to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, Variable Rate Open Mortgages and Auto 6 Plus, Auto 12 Plus, Convertible 6 and Convertible 12 Mortgages)

    a) If you have complied with all your obligations under the mortgage, you may convert the mortgage to a mortgage with the interest rate and terms that are offered to you by us under the President's Choice Financial brand at the time of conversion. The following conditions also apply:

        i) **If you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage,** you may convert to any type of mortgage then offered by us under the President's Choice Financial brand for *National Housing Act* insured loans having a fixed rate of interest, equal monthly payments and a term of three years or longer up to a maximum of (i) ten years if your property is owner-occupied, or (ii) five years if your property is a rental property; or

        ii) **If you have an Auto 6 Plus, Auto 12 Plus, Convertible 6 or Convertible 12 Mortgage,** you may convert to any type of mortgage then offered by us for the President's Choice Financial brand having a term of more than one year.

    b) You must apply to use this right of conversion by delivering written notice signed by you to our Mortgage Servicing Division. The interest rate will be the posted rate in effect at the time of conversion for the term selected. The new payments at the new interest rate will commence on the first or the second scheduled payment date following conversion, as determined by us. We may request that you sign a mortgage amending agreement containing the amended terms, conditions and provisions of the mortgage selected. However, if we do not, or if for any reason a mortgage amending agreement is not entered into, your written notice to us will be binding upon you and we shall be entitled to rely upon it. You agree to pay us any applicable administration and processing fees, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payment and any accumulated deferred interest. You also agree that, where applicable, you will pay all legal expenses with respect to the conversion documentation and its registration. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

    c) Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply and the prepayment privileges, if any, will be contained in the conversion/amending agreement, whether or not you signed it.

14. **Automatic Renewal of Mortgage**

    (a) **If you have an Auto 6 Plus, Auto 12 Plus, Convertible 6 or Convertible 12 Mortgage**: When not in default, and provided that you have maintained a satisfactory payment record, the mortgage shall automatically renew at the end of its original 6 or 12 month term and at the end of each subsequent 6 or 12 month renewal term into a new 6 or 12 month term, depending on the length of the original term.

    The rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

    We will mail a notice of the guaranteed renewal rate to you 30 days prior to the end of the original term and of each renewal term of the mortgage. You may terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days prior to the end of that term.

(b) **If you have a mortgage with an original term greater than 12 months:** You agree to either pay the monies owing under the mortgage on the maturity date set out in the registered document, or, if a renewal agreement has been provided, return the executed renewal agreement on or before the maturity date, failing which the mortgage shall be deemed to be renewed as an Auto 6 Plus Mortgage/Convertible 6 Mortgage on the terms and conditions set out in the renewal agreement.

15. Mortgages with Deposits

If required pursuant to the terms of your mortgage loan, you shall deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit amount at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days from the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

16. Certain Promises You Make to Us

a) You certify and agree with us that:

i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property other than as disclosed to and approved by us in writing;

iii) you have the right to give us the mortgage;

iv) there are no limitations affecting your interest in and your title to your property except for any restrictions registered against the title to your property and except for building and zoning by-laws, with all of which you have complied;

v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders and only then, if you have given us prior notice of such intended use and we have approved such intended use in writing;
- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property; and
- no part of your property is, or will in the future be, used for any illegal purpose, including without limitation a brothel, a gaming house, or the cultivation or processing of marijuana or other illegal substances.

We may (but are not obligated to) require you, at your expense, from time to time, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph. Should your property be found to contain any hazardous or illegal substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous or illegal substances on your property and any breach of your obligations under this paragraph;

vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

vii) if you default in any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference;

viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

b) If you are a tenant or lessee of your property, you also certify and agree with us that:

i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

iii) you have the consent of your landlord or lessor, or you have the right without your landlord or lessor's consent, to charge your interest in the lease to us and will provide us with written evidence satisfactory to us;

iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered against the title to your property and except for building and zoning by-laws, with all of which you and your landlord or lessor have complied;

v) you will pay rents and other payments required by the lease as they fall due;

vi) you will comply with all your other obligations set out in the lease;

vii) you will not surrender the lease or cause it to be terminated;

viii) you will not make any change in the lease without first obtaining our written consent;

ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease have been fully charged to us and that the loan amount is adequately secured;

xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 16(b)(xii) as you already have under other provisions of the mortgage and at law;

xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 28(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 28 and, in particular, under paragraph 28(a)(iv);

xv) we may remove you or any other person as trustee of the trust referred to in paragraph 16(b)(xiii) and appoint a new trustee or trustees.

17. Demolition and Alterations

a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

b) The above work must be completed, as quickly as reasonably possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of such compliance when requested.

c) You will also provide us with proof of payment of all amounts owing in connection with the above work. You must retain all required holdbacks unless we elect to do so. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

18. Insurance (Paragraph 18 does not apply if your property is a single residential condominium unit)

a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars until the mortgage has been paid out. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been paid out, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, provide us with certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds payable to us under this mortgage. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

  i) used to repair or rebuild your property;

  ii) paid to you; and/or

  iii) used to reduce any part of the loan amount, whether due or not, including any amounts payable to us under paragraph 9, if applicable.

19. Property Taxes

a) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

b) After the interest adjustment date, you agree to pay to us, on each date on which a regular payment amount is due, the applicable tax instalment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax instalment shall be:

  i) if the payments of the principal and interest are weekly:
  estimated annual taxes x 7/365

  ii) if the payments of the principal and interest are bi-weekly:
  estimated annual taxes x 14/365

  iii) if the payments of the principal and interest are semi-monthly:
  estimated annual taxes x 1/24

  iv) if the payments of the principal and interest are monthly:
  estimated annual taxes x 1/12

c) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 19(b). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 19 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may, at our option, apply any moneys which we have received under paragraph 19 to any portion of the loan amount.d) Notwithstanding this paragraph 19, we may at our option choose not to require payment of taxes to us, in which case you will be responsible for payment of all taxes relating to your property. You will provide us with all the receipted tax bills by the end of each calendar year. If, for any reason, you do not pay the taxes when required then paragraphs 19(a) through (c) will apply.

20. Repairs

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, law, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do anything, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

21. No Obligation to Make Advances to You Under the Mortgage

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the mortgage then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Notwithstanding the above, you will pay us, on demand, all of our costs, including lawyers' fees (on a substantial indemnity basis) and expenses, for investigating title to your property and for registering the mortgage. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

22. Leases and Rents

a) If your property is approved by us as being owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to give at our option. You agree to keep us informed of the status of occupancy.

b) If your property is a rental property, we must consent to such rental. You hereby assign to us all leases, lease agreements and renewals, whether presently existing or arising in the future, all rents payable under such leases and agreements, and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

c) If you lease in the future any part of your property to another person or persons with our written approval, then, upon our request, you will:

- execute and deliver to us an assignment of all leases, lease agreements and renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment must be in registrable form acceptable to us and may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including, but not limited to, legal fees and registration costs, relating to such additional security.

d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 22, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

e) Nothing we do under this paragraph 22 will put us in possession of your property and we are not obliged to collect any rent or income from your property nor to comply with any term of any lease or agreement.

f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the *Mortgages Act*, R.S.O. 1990, c.M.40 (as amended or replaced).

23. Acceleration of Repayment of Loan Amount

The loan amount will immediately become payable, at our option, if:

a) you do not make any payment required by the mortgage;

b) you do not comply with any of your other obligations under the mortgage;

c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 16 is untrue;

d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;

e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

24. Building Mortgage

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as reasonably possible in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of such compliance when requested.

Subject to paragraph 21, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. You agree to pay us our then current administration and processing fee for any progress draws. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

We may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, c.C.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

You will also provide us with proof of payment of all amounts owing in connection with the above work.

We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees, shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

25. Releasing Your Property From the Mortgage

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

26. Renewing, Extending or Amending the Mortgage (This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any change in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed, extended or amended, over any other instrument registered against the title to your property after the mortgage. The entering into of any written agreement by us with any borrower and/or with anyone liable to pay the loan amount will not release or affect the liability of any other person who does not sign such written agreement, whether or not such person has received notice of, or consented to, such written agreement.

27. Certain Actions We Can Take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

If you are a tenant or lessee, under a lease of your property we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property and such statement shall be deemed conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a solicitor's final report and certificate of title at your expense.

28. Enforcing Our Rights

a) **Remedies** – If you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies include:

i) **Sue you** – We may take such action as is necessary to collect the loan amount.

ii) **Foreclosure or Sale** – We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iii) **Lease Your Property; Assign Rents** – If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. You assign to us all rents from your property, this assignment becoming effective upon the occurrence of an event of default. We may cancel or amend any lease or lease again, as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any lease to reduce any part of the loan amount. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

iv) **Power of Sale** – If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act* enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel or amend any contract of sale and sell or adjourn any such sale from time to time, all as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any sale to reduce any part of the loan amount. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

v) **Enter on Your Property** – We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount. We may lease or sell your property without actually entering into possession. We will not be considered to be a mortgagee in possession unless we actually take possession of your property. While in possession, we will only be accountable for money actually received.

vi) **Appoint a Receiver** – We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

vii) **Cure any Defaults** – We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

b) **Non-Interference** – If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

c) **Our expenses** – All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a substantial indemnity basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees and those of CIBC.

d) **Delay in Enforcement** – Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

e) **Judgments** – If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

29. Condominium

(If your property is a condominium unit, you must also comply with paragraph 29 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 18).

a) **Compliance with the *Condominium Act*, etc.** – You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

b) **Payment of Amounts and Common Expenses** – You will pay all amounts required by the *Condominium Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

c) **Notices and Demands** – You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, new rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

d) **Voting Rights** –

i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

e) **Acceleration of Repayment of Loan Amount** – At our option, the loan amount will become payable immediately if:

  i) government of the property of the condominium corporation under the *Condominium Act* is terminated;

  ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

  iii) the condominium corporation fails to comply with the *Condominium Act*, declaration, by-laws or rules and regulations;

  iv) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

  v) the condominium corporation fails to insure all the condominium units and common elements in accordance with paragraph 29(f) and according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

f) **Insurance** – Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us, and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us with evidence of renewal at least fifteen days before the termination of any insurance we are entitled but not obligated to insure the buildings or improvements. If we ask for them, you must give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due including any amounts owing to us under paragraph 9, if applicable.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

30. Due on Sale and Release

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Accepting any payment from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not unreasonably withhold our approval. Should you exercise this privilege, there may be an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

i) we give our written approval to you to transfer title to your property;

ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and

iii) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

31. Assumption

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage as if you had signed the mortgage.

32. Inspection

If we, CMHC or Genworth (if this is a CMHC or Genworth insured mortgage), or our respective agents have reason to believe that your property does not comply with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, Genworth or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or Genworth consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property.

Should your property be found to contain any hazardous substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous substances from your property and repair the damage to your property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous substances on your property and any breach of your obligations under this paragraph.

We, CMHC or Genworth and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

33. Expropriation

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest including any amounts payable to us under paragraph 9, if applicable.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

34. Guarantee

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's heirs, executors, successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment, any renewals, any extension, deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's heirs, executors, successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

35. Discharge

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day shall be deemed to have been received on the next following business day. You will pay our usual administration and processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

36. Administration and Processing Fees

In addition to the administration and processing fees set out in other paragraphs of the mortgage, you also agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, any fees referred to in paragraph 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage from the date such fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you, including, but not limited to, providing copies of documents from your file, providing duplicate documents, providing an amortization schedule, offsite retrieval of your file or information or documents requested by you, providing a detailed breakdown of your payment history or tax account, audit verification, courier charges, and our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

The amount of any such fees is subject to change at any time or times without notice to you. The amount of such fees in effect at any particular time is available from any branch, in Canada, of CIBC, or by contacting us.

37. Portability

If you have complied with all your obligations under the mortgage, upon written application by you, the bona fide arms length sale of your property and the purchase by you of another property (the "new property") within 90 days of the sale of your property, we will provide financing for your purchase of the new property on the security of a mortgage (the "new mortgage") registered on title to the new property, provided that:

a) on the date of completion of the sale of your property, the loan amount is prepaid in full, and the prepayment of the principal amount outstanding under the mortgage will be subject to the prepayment provisions described above that apply to the mortgage. However, provided the new mortgage is advanced within the 90 day period following prepayment of the mortgage we will, subject to subparagraph (c) below, refund to you the amount of any prepayment charge paid in respect of this prepayment;

b) if the principal amount of the new mortgage (the "new mortgage amount") is the same as the principal amount outstanding under the mortgage at the date of prepayment, the interest rate applicable to the mortgage will apply to the new mortgage for the period of time equivalent to the time from the prepayment date of the mortgage to its maturity date (the "remaining term");

c) if the new mortgage amount is less than the principal amount outstanding under the mortgage at the date of prepayment, the interest rate applicable to the mortgage will apply to the new mortgage for the period of time equivalent to the remaining term of the mortgage, and the prepayment charge paid on the amount by which such principal amount outstanding on the mortgage exceeds the new mortgage amount on the date of prepayment will not be refunded to you pursuant to subparagraph (a) above;

d) if the new mortgage amount exceeds the principal amount outstanding under the mortgage at the date of prepayment, the new mortgage interest rate will be:

    i) **If this is a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage,** the variable interest rate specified in this mortgage;

    ii) **If this is a fixed rate mortgage with a remaining term of less than or equal to 24 months,** a rate of interest that blends (1) the interest rate specified in this mortgage, and (2) the rate of interest we offer on the date the new mortgage is advanced for a closed, fixed rate President's Choice Financial brand mortgage product similar to yours having a 24 month term; or

    iii) **If this is a fixed rate mortgage with a remaining term of more than 24 months,** a rate of interest that blends (1) the interest rate specified in this mortgage, and (2) the rate of interest we offer on the date the new mortgage is advanced for a closed, fixed rate President's Choice Financial brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

    The term of the new mortgage will be for a period equivalent to the remaining term of the mortgage; and

e) our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage will apply to your application and must be met, including the CMHC or Genworth mortgage insurance requirements, if applicable, and you will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

38. Family Law Act

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c.F.3 (as amended or replaced).

39. Doctrine of Consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

40. Date of Mortgage

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, and subject to section 11 hereof, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document regardless of the date of the signature(s).

41. Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act*, R.S.O., 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

42. Who is Bound

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anyone else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is a female or a corporation, then the mortgage will be read with all necessary grammatical changes.

43. Partial Invalidity

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

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44. Paragraph Headings

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

45. National Housing Act

All CMHC insured mortgages are made in pursuance of the *National Housing Act*, R.S.C. 1985, c.N.11, as amended or replaced from time to time.

46. Making Material Change

Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the term of the mortgage will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not receive notice of the changes or agree to the changes in writing.

47. U.S.A. Resident

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us. The interest rate on your mortgage is or will be based on our normal lending rates multiplied by a factor of 1.1111 which offsets our obligations to remit this tax to the U.S.A. tax authorities. This factor, however, is subject to change anytime during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority therein, makes a change to the amount of tax to be paid.

Examples:

If you are a resident of the U.S.A. at the time that the mortgage is initially entered into and the normal lending rate is 6.250% per annum, your interest rate will be 6.944% per annum (i.e., 6.250% x 1.1111); or

If you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% per annum, your new interest rate will be 6.944% per annum (i.e., 6.250% x 1.1111).

48. Clawback Clause (Cash Back Offer)

If you have a mortgage which offered a "Cash Back" option and any of the terms and conditions of the original registered mortgage are amended or the mortgage is discharged, refinanced, ported, assumed or early renewed prior to its maturity date for any reason, you will repay us all or a portion of the cash amount received. The repayment is separate from any prepayment charges or fees applicable to the mortgage and we may add the repayment amount to the principal amount owing under the mortgage at the time of the amendment, discharge, refinance, port, assumption or early renewal.

DATED at Toronto, this 15 **day of March, 2005.**

Patrick M. Knight
Solicitor for CIBC Mortgages Inc.

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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act Set of Standard Charge Terms

FILED BY ROYAL BANK OF CANADA

The following set of standard charge terms are deemed to be included in every Charge/Mortgage of Land in which this set of standard charge terms is referred to by its filing number, as referred to in Section 9 of the *Land Registration Reform Act*.

This document sets out important terms which apply to the Mortgage and are actually part of the Mortgage. We recommend you read this carefully and you may want to discuss the terms of the Mortgage with a lawyer.

This document describes the financial institution (mortgagee), who is lending you the money, as 'We'. The definition of "we" also includes "us" and "our".

This document describes the person who is being loaned money and giving the Mortgage on your Property as 'You'. The definition of "you" also includes "your". 'You' also includes anyone who guarantees your payments and Promises.

We are lending you money and we protect our interests through the Mortgage on your Property, which gives us certain rights, if you do not do what you promise to do. The specific terms that apply to your Mortgage (for example, the interest rate) are set out in a document that you sign and is registered, or which is authorized by you, prepared in electronic format and registered electronically. We call this the Registered Mortgage.

Generally, when a word is capitalized, the word is defined in Section 1. You should read Section 1 carefully.

SECTION 1 – TERMS YOU NEED TO KNOW

The following are used with particular meanings in this set of standard charge terms:

(1) ***Balance Due Date*** means the date shown in the Registered Mortgage as the date when the Mortgage matures. On this date the Mortgage must be repaid or renewed.

(2) ***Closed Mortgage*** means a Mortgage which limits how you can prepay the Outstanding Amount and fixes what Prepayment charges you will be charged, if you do prepay.

(3) ***CMHC*** means Canada Mortgage and Housing Corporation. It administers the *National Housing Act* and provides mortgage default insurance to lenders.

(4) ***Convertible Mortgage*** means a Closed Mortgage that you can change to another Closed Mortgage with a term of one year or longer at any time.

(5) ***Default*** means you have not kept a Promise under the Mortgage.

(6) ***First Payment Date*** means the date for first payment shown in the Registered Mortgage.

(7) ***Guarantor*** means a person who also agrees to keep your Promises under the Mortgage.

(8) ***HomeProtector® Insurance Premium*** means an insurance premium paid by you for optional group creditor life or life and disability insurance. This insurance will pay off the Outstanding Amount if you die or pay the regular mortgage payments (excluding property tax instalment) for a period of time if you become disabled. It is collected as part of your payment. It is different from property insurance which protects your home and its contents. *HomeProtector* insurance is underwritten by The Canada Life Assurance Company and is subject to terms, conditions, exclusions and eligibility restrictions. Please see the *HomeProtector* booklet for full details.

(9) ***Interest Adjustment Date*** means the date shown in the Registered Mortgage as the date to which we calculate accrued interest on money advanced to you. This date will be before your first regular payment period. This is the date the Term starts.

(10) ***Interest Only Mortgage*** means a Mortgage in which your payments are made up of interest only, paid regularly during the Term. Each month you pay accrued interest only. The payments do not reduce the amount we loaned to you (Principal Amount).

(11) ***Interest Rate*** means the interest rate that applies to the Mortgage. The Interest Rate and how it is calculated is shown in the Registered Mortgage. It is an annual rate and will not vary over the Term.

(12) ***Last Payment Date*** means the date for the last payment shown in the Registered Mortgage.

(13) ***Mortgage*** means the legal agreement between you and us, which gives us rights over your Property. **'Mortgage'** also includes any other documents attached to it as schedules, and any document amending the Mortgage. It includes this document and the Registered Mortgage.

(14) ***Mortgage Default Insurer*** means CMHC or any other institution that provides mortgage default insurance to lenders.

(15) ***National Housing Act*** means the *National Housing Act* R.S., c. N-10, s. 1., a federal law that promotes the construction of new houses and the repair and modernization of existing houses. CMHC provides mortgage default insurance under this law.

(16) ***Open Mortgage*** means a mortgage that lets you pay any amount you want without you having to pay a Prepayment charge. The minimum Prepayment amount is $500.

(17) ***Outstanding Amount*** means the total amount remaining to be paid on the Mortgage at any time. It includes the portion of the Principal Amount that remains unpaid, interest, additional amounts advanced, and amounts we have paid because you have not kept a Promise.

(18) ***Posted Rate*** means the annual interest rates set from time to time by Royal Bank of Canada applicable to fixed rate residential mortgage loans in Canada. These rates may vary depending upon the term and Prepayment options applicable to the mortgage loan.

(19) ***Prepayment*** means repaying part of the Principal Amount ahead of schedule. Depending on the type of Mortgage you have and the amount you are paying, you may have to pay a Prepayment charge when you make a prepayment.

(20) ***Principal Amount*** means the amount we originally loaned to you.

(21) ***Promises*** means everything that you agree to do under the Mortgage.

(22) ***Property*** means the land described in the Mortgage, as well as any buildings constructed on the land and anything attached or fixed to the land or buildings. It also includes any future building, addition, attachments or fixtures (fixtures includes things such as furnaces) to the land or buildings.

(23) ***Property Taxes*** means all present and future property taxes, rates, assessments, local improvement charges, administration fees and other similar amounts charged by local government on your Property. It includes interest and penalties charged by a local government.

(24) ***Registered Mortgage*** means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give the Mortgage, or for the electronic registration system, the charge

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authorized by you and prepared in electronic format and registered electronically under Part III of the *Land Registration Reform Act*.

(25) ***Term*** means the period of time from the Interest Adjustment Date to the Balance Due Date, which is shown on the Registered Mortgage.

(26) ***We*** means the mortgagee under the Mortgage. The mortgagee is named on the Registered Mortgage.

(27) ***You*** means each person who signed or is bound by the Mortgage and is the person who has to pay everything owing under the Mortgage. If you die or become incapacitated, your estate must pay us and keep your other Promises.

SECTION 2 – HOW THE MORTGAGE WORKS

(1) In return for our agreeing to lend the Principal Amount or as much of the Principal Amount as we advance to you, you mortgage and charge your interest in your Property to us. This means the Mortgage is a charge on your Property and you have mortgaged your entire interest in your Property to us. All amounts relating to the Mortgage that you owe to us are secured by the Mortgage.

(2) It also means that you release your claims to your Property until you have repaid the Outstanding Amount and kept all your Promises.

(3) You can stay in possession of your Property, as long as you keep your Promises.

(4) Our interest in your Property ends when you have repaid the Outstanding Amount and you have kept all of your other Promises, and at that time, you can have a discharge of the Mortgage. Section 23 tells you what you must do to get a discharge.

(5) In return for our agreeing to lend the Principal Amount to you, you make certain Promises which you must keep. Not keeping your Promises includes breaking or not keeping your Promises in any way.

(6) You promise to sign any additional documents that we ask for and do everything else we ask you to do to protect our interest in your Property.

SECTION 3 – INTEREST

3.1 Interest Rate

(1) The Interest Rate you promise to pay is set out in the Registered Mortgage. The Interest Rate is an annual rate that is calculated semi-annually, not in advance. Using a semi-annual calculation of interest the first semi-annual calculation of interest after the Interest Adjustment Date will be for the six-month period starting with the Interest Adjustment Date. That calculation will be made six months after the Interest Adjustment Date. Semi-annual calculations of interest will be made every six months after that.

(2) We calculate interest for each payment period using an interest rate factor that is equivalent to the Interest Rate. Interest is payable at the payment frequency set out in the Registered Mortgage unless you select another payment frequency.

(3) You promise to pay interest on the Outstanding Amount at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount has been paid in full.

3.2 Compound Interest

If you do not pay any interest when due under the Mortgage, we will add the overdue interest to the Outstanding Amount and charge you interest on the combined amount until it is paid. This is called compound interest. We calculate compound interest at the Interest Rate. You promise to pay it at the same frequency as your regular payments, both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full.

We will also charge you interest on compound interest at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full. All overdue interest and compound interest is part of the Outstanding Amount. You promise to pay this interest immediately when we ask you to pay it.

SECTION 4 – YOUR REGULAR PAYMENTS

(1) You promise to repay the Principal Amount and interest to us on the payment dates set in the Registered Mortgage or another payment frequency that you select starting with the First Payment Date until and including the Last Payment Date. Your payments will be for the amounts set out in the Registered Mortgage. You promise to pay the Outstanding Amount on the Balance Due Date. You can ask us to change your payment date or payment frequency at any time.

(2) If you are not in Default, we apply your payment as follows:

- (a) to pay your *HomeProtector* Insurance Premium, including any applicable sales taxes or similar taxes, if you have it;
- (b) to pay Property Taxes, if we pay them on your behalf;
- (c) to pay interest due and payable; and
- (d) to reduce the Principal Amount, unless you have an Interest Only Mortgage in which case your payments never reduce the Principal Amount.

(3) If you do not keep your Promises, we may apply your payment, or any other money we receive from you, as we choose.

(4) All payments must be in Canadian dollars.

(5) If we advance all or part of the Principal Amount before the Interest Adjustment Date, you promise to pay accrued interest on the money we advance at the Interest Rate from the day we lend you the money until the Interest Adjustment Date. You promise to pay this interest on the first day of each month until the Interest Adjustment Date. If your Interest Adjustment Date is not the first day of a month, you also promise to pay us interest from the first of the month until the Interest Adjustment Date.

SECTION 5 – BANK ACCOUNT FOR PAYMENTS

(1) You promise to have a deposit account at a Canadian financial institution and authorize us to withdraw from that account automatically for each payment when it is due.

(2) You will keep enough funds in the account to make each payment. You will not cancel your authorization to withdraw, or close the account without our consent.

(3) If your financial institution refuses the pre-authorized withdrawal, we will charge you for the fee your financial institution charges us. This may include situations where you do not have enough money in your account, or you closed your account.

SECTION 6 – PREPAYING A MORTGAGE BEFORE THE MATURITY DATE

6.1 Restriction

None of the following Prepayment options apply if you are in Default.

6.2 Prepaying an Open Mortgage

If you have an Open Mortgage you may prepay $500 or more of the Outstanding Amount at any time without a Prepayment charge. If you have an Open Mortgage and you want to prepay it, you must pay back a portion of any cash back amount you received from us, as called for under Section 6.7.

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6.3 Annual Prepayment Option

(1) If the Mortgage is a Closed Mortgage you may, once in each twelve month period starting on the Interest Adjustment Date or the anniversary of that date, pay up to 10% of the Principal Amount.

(2) Subject to Section 6.3(4), you can exercise this option without notice and without paying any Prepayment charge.

(3) If you do not exercise this option in any twelve-month period, you cannot carry it over to any future twelve-month period.

(4) If you prepay more than 10% of the Principal Amount, you promise to pay a Prepayment charge on the **entire amount** of the Prepayment.

6.4 Increasing Payments Option

(1) You may once in each twelve-month period, starting on the Interest Adjustment Date, or the anniversary of that date, increase your payment by an amount that is not more than 10% of the principal and interest portion of what is or would be your monthly payment amount. This option does not apply if you have an Interest Only Mortgage.

(2) If you do not exercise this option in any twelve-month period, you cannot carry it over to any future twelve-month period.

6.5 Prepaying More Than 10% of a Closed Mortgage

If you have a Closed Mortgage, you may pay off more than 10% of the Principal Amount, but you promise to pay a Prepayment charge on the **entire amount** of the Prepayment.

(1) Prepaying your Mortgage

(a) You may at any time during the Term prepay all or part of the Outstanding Amount, but if you prepay more than 10% of the Principal Amount, you promise to pay a Prepayment charge calculated on the amount you prepay.

(b) The Prepayment charge will be the greater of:

(i) Three months interest on the amount prepaid, at the Interest Rate; or

(ii) Interest for the remainder of the Term on the amount prepaid calculated using the "interest rate differential". The interest rate differential is the difference between the Interest Rate and our Posted Rate on the prepayment date for a mortgage with a term similar to the time remaining in the Term and having the same prepayment options. If you received a rate reduction below our Posted Rate when you gave us the Mortgage, we will deduct the amount of this rate reduction from the Posted Rate before calculating the difference between the interest rates.

The chart below indicates how we calculate a term similar to the time remaining in the Term.

TERM REMAINING	USE FOLLOWING RATES
0 months – 8 months	6 month rate
8 months and 1 day – 17 months	1 year rate
17 months and 1 day – 29 months	2 year rate
29 months and 1 day – 41 months	3 year rate
41 months and 1 day – 53 months	4 year rate
53 months and 1 day – 71 months	5 year rate

71 months and 1 day – 95 months	7 year rate
95 months and 1 day – 143 months	10 year rate
143 months and 1 day and over	25 year rate

(2) You must also pay back any cash back amount you received, as called for in Section 6.7, if you prepay all of the Outstanding Amount.

(3) If you renew the Mortgage before the end of the Term, you promise to pay a Prepayment charge, calculated in the same way as in Section 6.5(1) (b) based on the Outstanding Amount on the date of the early renewal.

6.6 Prepaying a Mortgage With a Term of More than Five Years

If the Term is more than five years and you are an individual, you may prepay the entire Outstanding Amount at any time after the end of the fifth year of the Term. If you do, your Prepayment charge will be three months interest calculated on the Outstanding Amount at the Interest Rate. You agree that the Interest Adjustment Date will be deemed to be the date of the Mortgage for this purpose.

6.7 Incentive Program

(1) We may, at our option, offer you an incentive to give the Mortgage to us. This incentive may be cash, a gift certificate or other item having a value (for example a voucher that you may redeem at a retail store). We will tell you the value of the incentive. We will call this a "cash back amount". If you repay the Outstanding Amount before the end of the Term or if you change the Term of the Mortgage, you promise to repay a portion of the cash back amount to us. You must pay this proportionate amount in addition to any Prepayment charge. You must pay it, even if you have an Open Mortgage.

(2) Here is how we calculate the amount you must repay:

> your cash back amount divided by the number of months in the Term, times the number of months remaining in the Term (including the month in which the repayment is made).
>
> Here is an example:
>
> If you received a $1,000 cash back amount for a 5 year (60 months) mortgage and repay the mortgage in full after 3 years (36 months), the calculation of the amount would be as follows:
>
> $1,000 ÷ 60 months x 24 months remaining = $400

6.8 *Double-Up*® Option

You may increase your regular payment by an amount up to 100% of the principal and interest portions of your regular payment (but not less than $100) on any payment date. This is called a "***Double-Up***". If you have a non-monthly payment frequency, the total amount of your *Double-Up* payments in any one calendar month cannot be more than the amount of principal and interest portions of what would be your monthly payment. If you do not *Double-Up*, you may not save this option to be used on a later payment date. You cannot *Double-Up* if you have an Interest Only Mortgage.

Here is an example of how to calculate the maximum permitted monthly *Double-Up* payments for a mortgage with non-monthly payments.

Weekly payments = principal and interest portions of payment x 52/12

Bi-Weekly = principal and interest portions of payment x 26/12

Semi-monthly = principal and interest portions of payment x 2

6.9 General Provisions On Prepayment

(1) If you use any Prepayment option, the schedule of payment dates will not change. Your payment amounts will also not change, unless you exercised an option to increase the payment amount.

(2) You promise to continue to make payments until the Outstanding Amount is paid in full.

SECTION 7 – DELAYING A PAYMENT

If you meet the conditions set out in this Section, you can *Skip-A-Payment®*, which means not making a regular payment on its payment date.

7.1 *Skip-A-Payment* Option

(1) This Section applies only if:

- (a) the Term is less than 10 years;
- (b) the Mortgage is not an Interest Only Mortgage;
- (c) the Mortgage is not insured by CMHC (see Section 7.2 for the *Skip-A-Payment* rules for CMHC insured mortgages); and
- (d) you have kept all of your Promises.

(2) *Skip-A-Payment* means not making a payment under the following conditions:

- (a) Once in every 12 month period during the Term, (starting on the Interest Adjustment Date or the anniversary date of the Interest Adjustment Date) you may *Skip-A-Payment* if the interest portion of the skipped payment, plus the Outstanding Amount, is not more than the Principal Amount.
- (b) You may *Skip-A-Payment* up to the amount of any *Double-Up* payments made by you. The total amount of all skipped payments must not be more than the total of your *Double-Up* payments.
- (c) If you *Skip-A-Payment* you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium.
- (d) The amount of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(3) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

7.2 *Skip-A-Payment* Option For CMHC-Insured Mortgages

(1) This part applies only if:

- (a) the Term is less than 10 years;
- (b) the Mortgage is not an Interest Only Mortgage;
- (c) the Mortgage is insured by CMHC; and
- (d) you have kept all of your Promises.

(2) If the "loan to value ratio" is equal to or less than 90%, you may *Skip-A-Payment* as long as the Outstanding Amount plus the interest part of the skipped payment is not more than the Principal Amount.

- (a) By way of explanation, "loan to value ratio" means the ratio of the Principal Amount to the lesser of:
  - (i) the price paid to buy your Property; and

(ii) the value of your Property, as we determine, on the date of the Mortgage.

(b) If the Mortgage is insured under CMHC's "95% Insurance" program or any related or successor program and the loan to value ratio is more than 90%, you may *Skip-A-Payment* only if, after having skipped the payment, the total of the Outstanding Amount plus the interest part of the skipped payment is equal to or less than 90% of the "loan to value ratio". To see whether you fit these conditions, you will need to know what the Outstanding Amount is, as a result of your repayments of principal. For example, Helen and Henry have a mortgage for a 5 year term, at a 6% interest rate, with a 20 year amortization period. Their house cost $200,000 and they borrowed $190,000 under the mortgage. Helen and Henry want to *Skip-A-Payment* in their first year as homeowners and in the fourth year. Can they do so? Follow the calculations:

	Year 1	**Year 4**
Principal Amount	$190,000	$190,000
Value of Property	$200,000	$200,000
Principal Amount repaid	$5,130	$22,400
Outstanding Amount	$184,870	$167,580
Interest part of skipped payment	$1,115	$1,105
Total Outstanding Amount plus Interest part of skipped payment	$185,985	$168,685
Ratio of Total Outstanding Amount plus Interest part of skipped payment to Principal Amount	**98%**	**89%**
	So they cannot *Skip-A-Payment* because of a ratio of more than 90%	**So they can *Skip-A-Payment* because of a ratio of less than 90%**

(c) You may not *Skip-A-Payment* if, as a result of the skipped payment, the original amortization period of the Mortgage would be extended or you have skipped the equivalent of four monthly payments at any time during the Term and you have not yet repaid them.

(d) When you *Skip-A-Payment* under this Part, you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium. The amount of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(e) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

7.3 Convertible Mortgage

(1) If you have a Convertible Mortgage, you may extend the Term without paying a Prepayment charge or repaying any incentive, as long as you have kept your Promises and you convert to one of the two terms shown below. The conversion will take place on the date we select.

(2) The terms that you may convert to are:

(a) a fixed rate Closed Mortgage having a term of 1 year or longer at the Posted Rate for the term you choose; or

(b) a *RateCapper®* mortgage at the interest rate we are then offering.

SECTION 8 – MOVING THE MORTGAGE

(1) If you sell your Property, and you are not in Default, you can either move the Mortgage to your new property or the person who buys your Property can apply to assume the Mortgage by doing what is required by Section 9. You cannot do both – you must decide.

(2) You can only exercise the option to move the Mortgage to your new property within 90 days after the sale of your Property.

(3) To move the Mortgage to your new property, you must:

- (a) meet our mortgage approval criteria;
- (b) sign or authorize a new mortgage; and
- (c) pay any processing and administration fees, legal costs and property valuation fees, and any other expenses we incur.

(4) If the new principal amount is the same or less than the Outstanding Amount when you sell your Property, the Interest Rate will apply to your new mortgage. The maturity date for the new mortgage will be the same as the Balance Due Date.

(5) If your new principal amount is less than the Outstanding Amount when you sell your Property, you must pay us:

- (a) the difference between your new principal amount and the Outstanding Amount; and
- (b) the Prepayment charge that applies to the difference.

(6) If your new principal amount is more than the Outstanding Amount, the interest rate for your new mortgage will be a rate that blends the Interest Rate and the interest rate we offer you for a new mortgage with a term similar to the remaining Term. We will tell you the new blended rate.

The following is an example of how we would blend the rates if you move the Mortgage to your new property.

Example of Blended Rate Calculation

(a) Details of Existing Mortgage

outstanding amount	$200,000,
interest rate	7%
months to maturity	27 months

(b) New Mortgage

additional funds requested	$100,000
principal amount of new mortgage	$300,000
term remaining	27 months
similar term (refer to chart in Section 6.5(1)(b))	2 years
current Posted Rate for a 2 year term	5.50%
add/subtract premium/discount, on new funds, if applicable	-.500%

Blended Rate Calculation:

(a)	$200,000 x 7%	=	14,000
(b)	$100,000 x 5.0%		5,000
total of (a) & (b)		=	19,000
divided by amount of new mortgage	$19,000 x 100 300,000		
Equals the new blended interest rate	= 6.333%		

(7) You must pay the applicable Prepayment charge and any cash back amounts owing under Section 6.7 when you sell your Property, but if you give us a first mortgage on your new property within ninety days of the sale, we will refund all or part of the Prepayment charge (depending on the amount of the new mortgage and if you meet the conditions above).

(8) If you wish to move the Mortgage and the Mortgage has mortgage default insurance, ask us to see if the mortgage default insurance can also be moved. You should also ask if you can move your *HomeProtector* insurance.

SECTION 9 – DUE ON SALE, ASSUMPTION OF MORTGAGE AND RELEASE OF OBLIGATIONS

(1) You must still keep your Promises even if you sell your Property.

(2) If you either agree to, or actually do, transfer your interest in your Property, either directly or indirectly, to a new owner without our approval, at our option the Outstanding Amount will immediately become due and payable in full and you will be required to pay the applicable Prepayment charge on the Outstanding Amount.

(3) If we accept payment from the new owner even though we did not approve the new owner, it will not mean that we have approved the transfer or that we have given up our right to require you to pay the Outstanding Amount.

(4) You must give us any information we ask for, to allow us to decide whether or not we want to give our approval. We will review that information and will tell you what we decide.

(5) We may set certain requirements that you and the new owner must meet as a condition of our approval. Our conditions will include the new owner signing our form of assumption agreement.

(6) Even if you sell the Property or transfer your interests, or we make any new agreement with the new owner with respect to any of the terms and conditions of the Mortgage, or if we accept payments from the new owner, that will not affect our rights against you or any Guarantor, unless we decide, at our discretion that we will release you from your Promises. If we do not release you, you must still keep your Promises. You agree that we can renew or change the terms of the Mortgage in an agreement with the new owner, and that you will still have to keep your Promises, even though the Mortgage has been renewed or its terms have changed without your knowledge or consent.

SECTION 10 - RENEWAL OR AMENDING AGREEMENT

(1) If we send you a mortgage renewal agreement and you do not sign and return it to us before the date required, the Mortgage will be renewed on the terms we indicate in the mortgage renewal agreement.

(2) We may agree with you to change any of the terms of the Mortgage. We call this amending the Mortgage. If we do, you will still have to keep all your Promises.

(3) The Mortgage, as renewed or amended, will continue to have the same priority. For the purposes of Section 10 of the *Interest Act* (Canada), the date of the Mortgage will be the date the mortgage renewal or amendment takes effect.

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SECTION 11 - ADDITIONAL AMOUNTS

(1) If you have paid part of the Principal Amount, we may if we want to and if you meet our requirements, allow you to borrow additional amounts up to a maximum of the difference between the Outstanding Amount and the Principal Amount. If we allow you to borrow any additional amounts, all amounts borrowed will be secured by the Mortgage, in the same priority, and will bear interest at the interest rate that applies to the Mortgage at that time.

(2) If we let you borrow additional amounts, whenever this document refers to the Outstanding Amount, it will refer to all amounts owing, including all additional amounts.

SECTION 12 - WE DO NOT HAVE TO MAKE ADVANCES

(1) We do not have to advance or re-advance all or any part of the Principal Amount to you, if we decide not to, even though:

- (a) you have signed the Mortgage or authorized its registration;
- (b) the Mortgage is registered in the land registry office; or
- (c) we have advanced part of the Principal Amount.

(2) We may deduct from any advance:

- (a) any Property Taxes that are due;
- (b) any interest that is due and payable on the date of the advance; and
- (c) any mortgage default insurance premium and application fees.

SECTION 13 - YOUR PROMISES

13.1 Your Property Tax Promises

(1) You promise to pay to us, if we require you to do so:

- (i) on each payment date the amount of money that we estimate will be enough to permit us to pay Property Taxes when they are due; and
- (ii) the balance owing in addition to the money you have already paid towards Property Taxes so that we can pay the Property Taxes in full.

(2) You promise to pay to us on each payment date one-twelfth of the amount we estimate will be required to provide enough money to pay all Property Taxes for the calendar year. We may re-estimate this amount from time to time. You agree to pay any additional amounts required because of this re-estimate.

(3) If you do not keep your Promises, any payments you make for Property Taxes may, at our option, be applied to pay the Outstanding Amount.

(4) As long as we require you to make Property Tax payments, and as long as you have kept your Promises, we will forward the amount required to pay Property Taxes to the local government as they fall due or at any time we choose. If the amount in the tax account is not enough to pay Property Taxes, we may advance amounts to the tax account to cover the shortfall or add the amount of the shortfall in the tax account to the Outstanding Amount. If you are sent a Property Tax notice, you must send it to us. If you do not send the notice to us and extra charges are imposed for Property Taxes, you must pay those charges. We are not responsible for any extra charges imposed because we did not receive a notice.

(5) We will charge you interest on any shortfall in the tax account at the Interest Rate. If you have a surplus in the tax account, we will pay you interest on that surplus at a rate that we choose.

(6) If at any time the Property Taxes we have paid exceed the amount you have paid us for Property Taxes, or we have to pay any fees because we have paid the Property Taxes on your behalf, we may immediately demand that you pay the shortfall to us. If you do not pay, we will add the shortfall to the Outstanding Amount.

(7) We may decide not to require you to make payments of Property Taxes through us. In that case, you agree to pay all Property Taxes on your Property as they fall due and will give us acceptable evidence, when we ask, that you have paid them.

13.2 Your Other Promises

(1) You also promise:

To pay all of our costs and expenses, including all legal fees, on a full indemnification basis, to

(i) Prepare the Registered Mortgage, including all necessary steps to advance and secure the Principal Amount, investigate title, pay a title insurance premium, register the Mortgage and to report to us;

(ii) Collect the Outstanding Amount;

(iii) Enforce the terms of the Mortgage, including efforts to make you keep your Promises;

(iv) Do anything which you promised to do but did not do; and

(v) Prepare and give you a discharge of the Mortgage when you have paid all amounts owing under the Mortgage, as required by the Mortgage.

(2) You promise to comply with all laws and orders applicable to the Property, including those concerning zoning, land-use and environmental protection.

(3) You agree that we may add any expenses and costs that we pay to the Outstanding Amount if you do not pay them.

SECTION 14 – YOU CONFIRM

In return for our agreeing to lend the Principal Amount to you, you promise and confirm that:

(a) You own your Property, you have the right to give the Mortgage and you mortgage your entire interest to us.

(b) The Mortgage is given to secure repayment of the Outstanding Amount and to ensure that you keep all your Promises. You release all claims on your Property to us, until all amounts owing under the Mortgage have been repaid as required by the Mortgage and you have kept your other Promises.

(c) You will pay all of the Outstanding Amount to us and keep all of your other Promises, as provided in the Mortgage.

(d) There are no limitations or restrictions on your title to your Property, except those disclosed to us in writing and that we approved.

(e) Your title to your Property is subject only to:

(i) Those interests filed in the land registry office at the time you give us the Mortgage; and

(ii) Any unregistered interests we have approved.

(f) As far as you know, no part of your Property or of any adjoining land is, has ever been or will in the future be used to manufacture, store or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders. No part of your Property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of, or adversely affect the sale of, your Property.

(g) You will, at your own expense, sign any documents and do anything we ask to ensure that all your interest in your Property has been mortgaged to us and that the Outstanding Amount is adequately secured by your Property.

SECTION 15 – OUR RIGHTS

15.1 Approval and Consent

Whenever this Mortgage talks about "approval" or a "consent", we mean approval or consent in writing, given by us before you act.

15.2 Money we Spend

We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate from the date that we spend the money until fully paid and will be secured by the Mortgage with the same priority. It shall be immediately due and payable to us.

15.3 Additional Interests in Property

By the Mortgage you grant and mortgage any additional or greater interest in your Property that you may later acquire.

15.4 Other Security

If you have mortgaged, charged or given us a security interest in anything else to better secure payment of the Outstanding Amount ("**Other Security**"), we may take legal proceedings under any of the Other Security in any order that we choose and at the same time as we are enforcing our rights under the Mortgage. If we get a judgment from the court, or recover any money under the Other Security, this will not affect our rights to enforce our rights under the Mortgage.

15.5 Consolidation

Our right of consolidation applies to the Mortgage and to any other mortgages given by you to us. This means that if you have mortgaged other property to us you will not have the right, after Default, to pay off the Mortgage or any mortgage of other property unless you pay us the money owed by you under the Mortgage and the Other Security.

SECTION 16 – PAYING OFF CLAIMS OR LIENS

(1) You promise not to allow any construction lien to remain undischarged on the title to your Property for more than 30 days, unless you:

- (a) diligently dispute the validity of the construction lien by taking all necessary legal steps to do so;
- (b) give us reasonable security by depositing money, bonds or other types of security acceptable to us (the "Security") to pay the construction lien and associated legal costs in full, including our legal costs on a full indemnification basis; and
- (c) authorize us to use the Security to pay the construction lien and any of our legal costs on a full indemnification basis and those of the lien claimant in full, if the construction lien is found to be valid.

(2) We can pay off the claims of other creditors, who have an interest in your Property. These may include construction liens and other liens, government claims or encumbrances. If we pay off a claim you will pay the amount to us when we ask. Any amount we pay to the other creditor that you do not repay will be added to the Outstanding Amount. We can, if we think it is necessary, pay off any mortgages, charges, interests, claims or liens that have priority over the Mortgage, including realty taxes, utility charges, construction liens, or any amounts payable to a condominium corporation.

(3) Once we have paid off any such claims we are entitled to all the rights, equities and securities of the creditor. We can retain any discharge, if we need to.

(4) You promise to pay any money which, if not paid, would result in a default under any mortgage or claim that legally ranks before the Mortgage or that may result in the sale of your Property if not paid.

(5) You promise to pay and cause to be discharged any other mortgages, charges, liens, security interests, claims or other interests that we are not willing to have remain on your Property.

SECTION 17 – PROPERTY INSPECTIONS

(1) We may at any reasonable time inspect your Property, including the buildings.

(2) If the Mortgage has mortgage default insurance, the Mortgage Default Insurer and its agents can also inspect your Property.

(3) Inspections may include environmental testing, site assessments, investigations and studies.

(4) You promise to pay for the costs of the inspection including any tests or studies.

(5) If you do not pay our costs, we may add the costs to the Outstanding Amount.

(6) If we do conduct an inspection, we will not be considered to be in possession or control of, or managing, your Property.

SECTION 18 – ADVANCES OF MONEY FOR CONSTRUCTION MORTGAGES

(1) If the money we loaned is to be used to pay for any construction, alteration or addition on your Property, we may make advances of the Principal Amount to you based on the progress of construction.

(2) We will decide whether or not any advances will be made, the amount of the advances and when they will be made.

(3) Subject to Section 12, we may make advances to you based on how much of the construction, alteration or addition has been completed and the amount of money you need to complete.

(4) We may retain funds from any advance until we are completely satisfied that the holdback provisions of the *Construction Lien Act* (Ontario) have been complied with.

(5) If this Mortgage is a construction mortgage, we may require that accrued interest on progress advances from the date of these advances be paid in monthly instalments starting on the first day of the next month after the first advance, and on the first day of each following month. The balance of the interest must be paid on the Interest Adjustment Date. Interest will be payable at the Interest Rate and calculated daily. We may, if we want to, retain accrued interest out of the proceeds of each advance of the Mortgage. If the Principal Amount is not advanced in full on the Interest Adjustment Date, the Interest Adjustment Date will change to the date of the final advance. This means the Last Payment Date and Balance Due Date will also change. If the final advance is not made within 12 months of the first advance, we will automatically set your Interest Adjustment Date to a date that is 12 months from the date of the first advance and the Term will start.

SECTION 19 – SAFEGUARDING THE VALUE OF YOUR PROPERTY

You promise:

(1) To keep all of the buildings and improvements on your Property in a good condition and state of repair and to repair them as we require. If you do not make the repairs when we ask, we can make whatever repairs we think are needed. You must immediately pay the costs of any repairs we make and of any inspections. If you do not pay those costs, we will add them to the Outstanding Amount.

(2) You will not tear down any building or structure, or part of any building or structure, on your Property without our approval.

(3) You will not do, or let anyone else do, anything that may reduce the value of your Property.

(4) You will not construct, alter or add to any buildings or improvements on your Property without our consent, and if the Mortgage is insured by a Mortgage Default Insurer, without its consent. Any construction or renovation must meet all applicable construction standards, building codes and municipal or governmental requirements. You must build or renovate using only new materials and according to the plans and specifications we have approved and if the Mortgage is insured by a Mortgage Default Insurer, it must approve the plans and specifications.

(5) You will provide us, and any Mortgage Default Insurer, with any information or material, such as plans, specifications, building permits, insurance and like information, as required to decide whether to give approval or not.

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(6) We and any Mortgage Default Insurer, may set certain requirements which you must comply with as a condition of giving approval.

(7) Once we and any Mortgage Default Insurer have given approval you will only then demolish, make such alterations, additions or improvements in accordance with the approved plans and specifications and all applicable construction standards, building codes and municipal or other government requirements and you will complete the work as quickly as possible.

(8) You authorize us or, if your Mortgage is insured, the Mortgage Default Insurer, to enter your Property at all reasonable times to inspect and repair, but we will not be considered to be in possession or control of the Property by exercising this right.

SECTION 20 – WITHHOLDING TAXES

(1) If you are not a Canadian resident for income tax purposes, the country where or in which you are a resident for income tax purposes may charge a withholding tax on the interest portion of your payment to us. We must receive interest payments free and clear of any withholding tax.

(2) You are responsible for paying any withholding tax. If you must pay withholding tax, you promise to remit the withholding tax to the tax authority of the country of which you are a tax resident. You promise to give to us the withholding tax receipt issued by the foreign tax authority as proof you paid the withholding tax.

If you do not pay the withholding tax and the foreign tax authority makes us pay it, you promise to pay the withholding tax to us when we ask for it. If you do not pay it to us, the amount will be added to the Outstanding Amount. In some circumstances, we may tell you that we will collect and remit the withholding tax on your behalf. If we tell you this, we will remit the withholding tax to the foreign tax authority from the interest we collect.

SECTION 21 – INSURANCE

(1) You promise to maintain adequate insurance on your Property until the Outstanding Amount has been repaid in full.

(2) You promise, if we ask, to give us certified copies of the insurance policy and evidence of its renewal not less than 15 days before the policy expires.

(3) The insurance must be with a licensed insurance company and must be for the full replacement value of your Property in Canadian dollars. The insurance policy must contain mortgage clauses approved by The Insurance Bureau of Canada. These clauses must provide that loss proceeds are payable to us first, and we have the first right to receive and to have a first lien on the loss proceeds. You must also assign your insurance policy to us.

(4) The insurance policy must protect against the following risks: fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke and falling objects.

(5) We may also require that other risks be covered, depending on the nature or location of the Property.

(6) The insurance policy must cover all buildings on your Property, whether before, during or after construction, and all fixtures attached to the buildings.

(7) We can, if we want to, place and pay for any insurance policy if you fail to do so. Any money which we pay for insurance will be immediately payable by you to us, and will be added to the Outstanding Amount if not paid.

(8) If any loss or damage occurs, you promise, at your expense, to immediately do everything necessary to allow us to receive the insurance proceeds.

(9) Production of the Mortgage will be sufficient authority for the insurance company to pay proceeds to us and the insurance company is directed to pay the proceeds to us.

(10) Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your Property;

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(ii) used to repay any part of the Outstanding Amount, whether due or not, and any Prepayment charge on the amount repaid; or

(iii) paid to you.

SECTION 22 – ENFORCING OUR RIGHTS

22.1 Defaults

A Default occurs if

(a) You do not make any payment when required;

(b) You do not keep any of your Promises;

(c) You become insolvent or bankrupt; or

(d) Your Property is abandoned or is left unoccupied so your insurance policy could be cancelled.

Not keeping your Promises includes breaking or not keeping any of your Promises in any way.

22.2 Consequences of a Default

If a Default occurs we can, if we wish, do any one or more of the following, in any order that we want:

(a) ***Demand Payment*** – demand that you immediately pay the Outstanding Amount.

(b) ***Sue You*** – take action in court to make you pay the Outstanding Amount or make you keep your Promises.

(c) ***Lease Your Property*** – if Default continues for 15 days, we may, on 15 days notice to you, enter on and lease your Property. We may apply the net rent to reduce any part of the Outstanding Amount. If the net rent is not sufficient to pay the Outstanding Amount in full, you must pay us the difference.

(d) ***Sell Your Property*** – if Default has continued for 15 days, we may enter your Property and, on at least 35 days prior written notice to you and any other party entitled to notice as required by Part III of the *Mortgages Act* (Ontario), sell your Property or any part of your Property. We can sell by public auction or private sale, or partly by one way and partly by the other. You agree we may sell all or part of your Property for cash or on credit, or partly for cash and partly on credit, and otherwise on whatever terms we negotiate. If we sell on credit, we will not be required to reduce the Outstanding Amount, or pay any sale proceeds to you in any situation where you are entitled at law to receive them, until we receive payment of the Outstanding Amount. We may also buy your Property ourselves, or terminate or amend any agreement we enter into for the sale of your Property and resell if we decide to do so. After we sell your Property under power of sale, we will use the money we receive from the sale to pay:

   (i) any amounts required to be paid to any party with a higher right in your Property than us;

   (ii) any auctioneer's fees or real estate agent's commission;

   (iii) all adjustments usually made on the sale of property;

   (iv) all of our expenses and costs as described in Section 22.4;

   (v) the Outstanding Amount;

   (vi) any amounts owed to any party holding a mortgage, lien or other security on your Property with a lower priority to the Mortgage; and

   (vii) any surplus to you.

   We may make these payments in any order we want to.

After payment of the amounts referred to in paragraphs (i) to (iv) above, if the remaining money is not enough to pay all the Outstanding Amount, you promise to pay the remaining unpaid Outstanding Amount to us on written demand to do so.

(e) ***Court Sale*** – apply to the court for an order for the sale of your Property under the supervision of the court. If the net proceeds of sale are not enough to pay the Outstanding Amount, you promise to pay us the remaining unpaid Outstanding Amount to us on written demand to do so;

(f) ***Foreclose*** – apply to the court to foreclose your interest in your Property, so that when the court makes its final order of foreclosure, all your interest in your Property will be absolutely transferred to, and belong to, us and you will no longer have any interest in your Property;

(g) ***Appoint a Receiver*** –appoint a receiver (which includes a receiver and manager) to collect any income from your Property or take any other action with respect to your Property which we could take. We will appoint a receiver by written notice to you. The receiver will be your agent, not ours, and you alone will be responsible for all of the receiver's acts or omissions. We will not be accountable for any money received by the receiver, except to the extent that we actually receive the money. The receiver may use every available remedy that we have under the Mortgage, including collecting income from your Property, taking possession of all or part of your Property, managing your Property, keeping your Property in good condition, finishing any buildings under construction on your Property, leasing your Property and selling your Property. From the income collected from your Property, or the proceeds of the sale of your Property, the receiver will pay:

(i) all rents, taxes, rates, insurance premiums and other expenses required to keep your Property in good condition;

(ii) all amounts required to keep any encumbrances ranking in priority to the Mortgage in good standing;

(iii) its own compensation as receiver;

(iv) all costs with respect to any leasing or sale of your Property; and

(v) any part of or all of the Outstanding Amount, whether it is due or not, together with any Prepayment charge.

(h) ***Take Possession*** –take possession of your Property, without any interference by you or anyone else living on your Property, and free from any other mortgages, charges, liens or easements, limitations or restrictions that we did not approve. If we take possession, we can ask you to leave your Property with all your belongings. If you do not leave, the court will order you to leave and if you refuse, the court will have you forcibly removed. Once in possession, we may do anything we consider necessary to:

(i) inspect, collect rents, manage or lease your Property;

(ii) complete the construction of any building on your Property;

(iii) repair any building on your Property; or

(iv) take any other action permitted under the Mortgage or by law.

If we take possession, we will not be responsible for maintaining and preserving your Property. We will only account to you for any money we actually receive in connection with the Mortgage or your Property.

(i) ***Other Action*** – take any other necessary action to take, recover and keep possession of your Property.

(j) ***Non-interference*** – if we take possession of your Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your Property may be leased or sold, and you will not make any claim against any person to whom your Property may be leased or sold.

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22.3 Remedies after a Court Order

Even if we obtain judgment against you,

(1) We may continue to use the remedies described in Section 22.2 to make you keep your Promises, and

(2) We will be entitled to continue to receive interest and compound interest at the Interest Rate on the Outstanding Amount until the judgment is paid in full.

22.4 Our Expenses

(1) You promise to pay us all reasonable expenses and costs we incur to enforce the Mortgage or exercise any of our rights under the Mortgage.

(2) Expenses and costs will include our costs of taking and keeping possession of your Property, any costs of repairs or improvements to your Property, legal fees and disbursements on a full indemnification basis and all other costs and expenses we incur to protect our interests.

(3) These expenses and costs will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate until fully paid and will be secured by the Mortgage, in the same priority.

22.5 Bonus on Default

(1) If you default in any payment, we require you to pay a charge equal to three (3) months interest in advance at the Interest Rate on the Outstanding Amount.

(2) You cannot get a discharge of the Mortgage without making this payment or giving us three (3) months' prior written notice that you will be paying the Outstanding Amount, as required by law, and paying the Outstanding Amount on the date stated in the notice.

22.6 Delay in Enforcing our Rights

If you Default, and we do not exercise any of our rights or do not ask you to remedy the Default, we are not prevented from making you remedy the Default later or exercising any of our rights in connection with the Default later or any other Default.

SECTION 23 – DISCHARGE

(1) **Full Discharge** – We will discharge the Mortgage when:

- (a) You have paid all amounts owing as and when required under the Mortgage, including any Prepayment charge;
- (b) You have kept all other Promises under the Mortgage; and
- (c) You have paid our fee and costs to prepare and register the discharge.

(2) If we fully discharge the Mortgage we will no longer be entitled to enforce our rights under the Mortgage. We will not give you notice if we intend to discharge the Mortgage.

(3) We will prepare the discharge and register it, if we want to. If we register the discharge, we will send you a letter telling you it has been registered. You will pay us the administration fee that we charge when a mortgage is paid in full. If we register the discharge, you will also pay the registration costs.

(4) Partial Discharge

- (a) We may release our interest in all or any part of your Property, if we wish. We can do this whether or not we receive any money. We will only be accountable to you for money we actually receive. If we receive money, we will apply it to what you owe us, including the applicable Prepayment charge.
- (b) If we release our interest in part of your Property, the part remaining will continue to secure the Outstanding Amount. If we release part of your Property, your Promises, as well as the Promises of any Guarantor, will continue unchanged.

SECTION 24 – RENTING YOUR PROPERTY

(1) You promise that you will occupy your Property. If you want to rent, lease or enter into any form of tenancy agreement covering all or any part of your Property, you promise to get our prior consent. We may refuse to give it, at our option.

(2) If you have told us that your Property is, or will be, used only as an owner-occupied residential property, you confirm that no part of your Property is rented or occupied by a tenant.

(3) If you do not keep any of these Promises, at our option, the Outstanding Amount will immediately become due and payable and we will be entitled to enforce any of our rights.

(4) In this case, we can pay any amount we think is needed to any tenant, to obtain the co-operation of the tenant in selling your Property, showing your Property and obtaining possession of your Property or any part of your Property from the tenant. You agree that any amount we pay to a tenant will be added to the Outstanding Amount.

(5) Nothing we do under this Section 24 will put us in possession, control or management of your Property and we are not obliged to collect any rent or income from your Property, or comply with any terms of any lease or agreement.

(6) If you rent all or any part of your Property without our approval, we will have the same rights and remedies as if you had tried to discourage us from taking possession of your Property if you had defaulted under the Mortgage or adversely affected the value of your Property within the meaning of Section 52(1) of the *Mortgages Act* (Ontario).

(7) If you rent your Property with our consent, you assign to us:

(a) All leases, lease agreements and their renewals, whether current or future;

(b) All rents payable under the leases and lease agreements; and

(c) All rights under the leases or lease agreements that affect your Property.

SECTION 25 – ENFORCING OUR RIGHTS

If you do not keep your Promises, then at our option

(1) the Outstanding Amount will immediately become due and payable, together with any Prepayment charge and a portion of any cash back amount that you promise to repay, as explained in Section 6.7; and

(2) We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount. It will be immediately due and payable and will bear interest at the Interest Rate until fully paid to us and will be secured by the Mortgage, in the same priority.

SECTION 26 – CONDOMINIUM MORTGAGES

(1) If your Property is a condominium unit, you promise to meet these obligations, in addition to your other Promises under the Mortgage:

(a) You must comply with the *Condominium Act* (Ontario), and the declaration, by-laws and rules of the condominium corporation. We may ask you to provide proof of compliance.

(b) You must pay the common expenses for your Property to the condominium corporation on the due dates. We may ask you to provide proof of payment.

(c) We have the right to give you notice that we will collect your contribution to the common expenses from you and you agree to make that payment. We can accept a statement from the condominium corporation as conclusive evidence of how much is owed for common expenses and when it must be paid.

(d) You will forward to us any notices or assessments from the condominium corporation.

(e) You must maintain in good condition and state of repair all improvements made to your Property.

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(f) You must repair your Property after damage.

(g) You must ensure that the condominium corporation complies fully with:

- (i) The terms of all insurance policies on the condominium;
- (ii) All obligations imposed by the *Condominium Act* (Ontario);
- (iii) The by-laws of the condominium corporation; and
- (iv) The insurance provisions of the declaration of the condominium corporation.

(h) You must carry adequate insurance. This means you must insure all improvements made to your Property. The insurance policy must cover your Property against destruction or damage by fire and by other perils usually covered in fire insurance policies, as well as those perils listed in Section 21(4) of the Mortgage. You must obtain insurance for any additional risks that we require.

(i) The policy must cover your Property for its full replacement cost: this means the maximum amount for which it can be insured.

(j) You must insure the common or other interest in both planned and existing buildings, which form part of the condominium property if the condominium corporation fails to insure them.

(k) You must assign your insurance policies to us. As far as it is legal to do so, you must assign your interest in any insurance policies held by the condominium corporation.

(l) You must provide us with proof that the insurance for the condominium corporation and your insurance is in force. If the policy is renewed or replaced, you must inform us at least thirty days before the insurance expires.

(m) You must do everything that is necessary to collect any insurance proceeds.

(n)

- (i) You authorize us, in your name and on your behalf, at all times, to exercise your rights under the *Condominium Act* (Ontario) to vote at any meeting of the condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the property or assets of the condominium corporation. This authorization includes voting on or any consent to the termination of the condominium corporation;
- (ii) In exercising these rights, we can choose to not vote or consent at any particular time or on any particular issue;
- (iii) If we do vote or consent for you, we do not as a result become a mortgagee in possession. We are not responsible to protect your interests. We are also not responsible for the way we vote or consent, or if we fail to do so;
- (iv) We can, if we wish, give notice to you and the condominium corporation at any time that we do not intend to exercise our right to vote or consent and, until we revoke this notice, you may vote or consent. Any notice we may give may be for an indeterminate or limited period of time, or for a specific meeting or matter.

(o) If we wish, the Outstanding Amount will become payable immediately if:

- (i) the governing of your Property by the condominium corporation under the *Condominium Act* (Ontario) is terminated. This means your Property is no longer part of a condominium;
- (ii) a vote of the unit owners authorizes the sale of all or any material part of the property of the condominium corporation, including a material part of its common elements;
- (iii) the condominium corporation fails to comply with the *Condominium Act* (Ontario), or the declaration, by-laws or rules and regulations of the condominium corporation;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against, for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

SECTION 27 – LEASEHOLD MORTGAGES

(1) If you rent or lease your Property from someone else, you certify that:

(a) You lease your Property under a valid lease, you have given us a copy of that lease and you have good leasehold title to your Property;

(b) You have paid all rents and other payments required under the lease and you have kept all of your other promises in the lease, up to the date you sign or authorize the Mortgage;

(c) You either have the consent of your landlord to the Mortgage, or you have the right to charge your interest in the lease to us, without consent; and

(d) There are no limitations on your interest in the lease except for any set out in the lease, or restrictions registered in the land registry office.

(2) From now on, you promise that:

(a) You will pay rents and other payments required by the lease when due;

(b) You will do everything you are required to do under the lease;

(c) You will not surrender the lease or cause it to be terminated;

(d) You will not make any change in the lease without our approval;

(e) You will immediately give us a copy of any notice or demand you receive about the lease;

(f) You will, at your expense, do anything that we think necessary to ensure that all your interest in your Property and in the lease is covered by the Mortgage and that the Outstanding Amount is adequately secured;

(g) If you default under the lease, and we have to pay anyone else, as required by law or to protect our security, you will pay us back. If you do not pay us back, the amount we paid will be added to the Outstanding Amount;

(h) You will hold the last day of the term of the lease or of any renewal term in trust for us and will only deal with it as we require. At our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal;

(i) We may remove you or any other person as trustee of this trust and appoint a new trustee;

(j) You must not let any renewal or other options lapse. Unless we tell you otherwise, you should renew the lease or exercise any other option so that the lease will continue as long as the Mortgage is outstanding, and provide us with evidence as we may require;

(k) If you subsequently buy the Property from the owner, the Mortgage will automatically become a Mortgage on the entire interest in the Property, as if you had owned Property at the time that we advanced you the Principal Amount. If we ask, you agree to re-mortgage and charge your interest in your Property to us, and to execute or authorize a mortgage and any other documents we ask;

(l) If you fail to keep any of your promises under the lease, we can treat that as if you had defaulted under the Mortgage and we can exercise our rights under Section 22;

(m) If we enforce our rights under the Mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in your Property; and

(n) You irrevocably appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal, and transfer your interest in your Property. This is a right coupled with an interest.

SECTION 28 – EXPROPRIATION

(1) If your entire Property is expropriated, the Outstanding Amount will immediately become due and payable, together with any applicable Prepayment charge.

(2) If only a part of your Property is expropriated, you promise to pay to us the amount you are awarded for the partial expropriation and we will credit it to any Prepayment charge applicable to that amount and to the Outstanding Amount.

(3) If we consider that the remainder of your Property is not adequate security for the Outstanding Amount, then the Outstanding Amount, or the part of the Outstanding Amount as we decide, will immediately become due and payable together with the Prepayment charge applicable to that amount.

(4) Any amount you pay us because of an expropriation must include the Prepayment charge applicable to that amount.

SECTION 29 – GUARANTEE

(1) In this Section the term "Borrower" means the person we loaned money to and who gave us the Mortgage.

(2) In return for us having made a loan to the Borrower, each person who signs the Registered Mortgage as "Guarantor" agrees with us, as a principal debtor and not as a surety, to pay us the Principal Amount and all other amounts secured by this Mortgage, together with interest at the Interest Rate on the days and at the times the Borrower is required to pay them under the Mortgage and to observe and keep all of the Borrower's other Promises under the Mortgage, without our having to ask the Guarantor to do so.

(3) Each Guarantor, if there is more than one, will be jointly and severally liable with each other and with the Borrower for keeping all the Promises. This means that if there are 2 or more Guarantors, each is collectively and individually liable with each other and with the Borrower for keeping all the Promises.

(4) We may at any time and from time to time do the following without the consent of, or notice to, any Guarantor:

(a) give extensions of the time to pay any amount owing under the Mortgage or the keeping of any other Promises or waive the Borrower's obligation to keep any particular Promise;

(b) give extensions of the Term, including any renewals of the Mortgage or its Term for further periods of time, whether any extension or renewal is by way of a written agreement with the Borrower or otherwise;

(c) increase or decrease the Interest Rate, either during the Term or any renewal or extension period of the Mortgage;

(d) release the whole or any part of the Borrower's Property from the Mortgage;

(e) waive any provisions of the Mortgage or change any terms or conditions of the Mortgage at any time during the Term, or during any future extension or renewal period;

(f) shorten or lengthen the amortization period of the Mortgage;

(g) advance and re-advance amounts of Principal Amount to the Borrower;

(h) permit any prepayment of Principal Amount, the skipping of any payment or the making of multiple payments by the Borrower, whether or not these payments are allowed under the Mortgage; and

(i) release any Guarantor from any promise made in this Section or release the Borrower or any future owner of the Property from any Promise made in the Mortgage;

without in any way affecting the guarantee or the obligations of any Guarantor. The obligations of the Guarantor under this guarantee will extend to and include the Promises of the Borrower as so amended, renewed, extended, varied or waived.

(5) We may require any Guarantor to make a payment or keep any Promise from any Guarantor before we try to get the Borrower to make the payment or keep any Promise;

(6) The Guarantor's promises and obligations under this guarantee will not be affected by any of the following:

(a) the Borrower's or any Guarantor's disability, incapacity or death;

(b) any invalidity in the Mortgage or Promises of the Borrower;

(c) any release of Promises, except if the Outstanding Amounts are paid in full, including any Prepayment charge;

(d) our getting a court order against the Borrower, or our taking any steps to realize on the Mortgage (or not taking any steps), or by our exercising any remedy against the Borrower or the Borrower's assets;

(e) any law which might affect any terms of the Mortgage or this guarantee, or the Borrower or the Guarantor;

(f) any failure by us to enforce our rights under the Mortgage or Other Security; and

(g) any other fact or occurrence which may change the Guarantor's risk, or might constitute a discharge of the Guarantor.

(7) Until the Borrower has kept all of the Borrower's Promises, including paying everything the Borrower owes us, the Guarantor will not have any guarantee rights and the Guarantor agrees not to ask for reimbursement from the Borrower until such time.

(8) The Guarantor acknowledges having received a copy of the Mortgage.

(9) All obligations of any Guarantor will also be those of the Guarantor's heirs, executors, administrators, personal representatives, successors and assigns and will not be altered by the insolvency or bankruptcy of any Borrower or Guarantor.

(10) The Guarantor's liabilities and obligations under this Guarantee are absolute and unconditional in all circumstances.

SECTION 30 – ADMINISTRATION FEES

You promise to pay to us, when we ask, our administration and processing fees we charge at that time to prepare an assumption statement, information statement, payout statement, amending or other agreement, a transfer of the Mortgage, or any fees referred to in Section 23. If you do not pay a fee it will be added to the Outstanding Amount. Interest at the Interest Rate will be charged on these unpaid fees.

SECTION 31 – APPLICABLE LEGISLATION

31.1 Statutory Covenants Replaced

The *Land Registration Reform Act* sets out certain covenants in Section 7(1). These covenants are excluded from the Mortgage and replaced with your Promises.

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31.2 Ontario New Home Warranties Act

If the *Ontario New Home Warranties Plan Act* applies to your Property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

31.3 National Housing Act

If the Mortgage is insured by CMHC the Mortgage is made under the *National Housing Act*.

31.4 Spousal Consent

Your spouse, by signing the Mortgage, consents to the Mortgage and releases all interest in the Property to the extent necessary to give effect to our rights under the Mortgage. Your spouse also agrees that we may, without further notice, deal with the Property and the debt created by the Mortgage as we wish.

SECTION 32 – WHO IS BOUND BY THE MORTGAGE

(1) Not only are you bound by everything in the Mortgage, but also your heirs, executors, administrators, personal representatives, successors and assigns and anybody else to whom your Property is transferred are bound.

(2) If more than one person signs or authorizes the Mortgage as Borrower, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(3) If more than one person signs or authorizes the Mortgage as Guarantor or signs or authorizes a guarantee of the Mortgage, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(4) By way of explanation, the term "jointly and severally" means that if there is more than one person signing or authorizing the Mortgage as Borrower or as Guarantor, each is collectively and individually liable with all other persons signing or authorizing for keeping all the Promises.

SECTION 33 – INTERPRETATION

33.1 Partial Invalidity

If any provision of the Mortgage is found to be illegal or unenforceable, this will not affect the validity or enforceability of the other provisions.

33.2 Paragraph and Section Headings

Paragraph and Section headings do not form part of the Mortgage, but are used only for easy and convenient reference. They do not affect the construction or interpretation of the Mortgage.

33.3 Number and Gender

Unless the context requires otherwise, words in the singular include the plural, and vice versa, and words specifying a gender include all genders.

33.4 Statutes

Any reference to any statutes shall be deemed to be a reference to such statute and any and all regulations from time to time made under such statute and to such statute and regulations as amended or re-enacted from time to time. Any references in this document to a specific section or sections, paragraph or clause of any statute or regulation shall be deemed to include a reference to any corresponding provision of future law.

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Dated the 17th day of March 2005

ROYAL BANK OF CANADA

Per:
Name: Catherine Adams
Title: Vice-President, Home Equity Financing Products

Per: Nancy Santini
Name: Nancy Santini
Title: Assistant Secretary

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Filing Date 6th APRIL 2005 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

5/13

Land Registration Reform Act Set of Standard Charge Terms

FILED BY ROYAL BANK OF CANADA

The following set of standard charge terms are deemed to be included in every Charge/Mortgage of Land in which this set of standard charge terms is referred to by its filing number, as referred to in Section 9 of the *Land Registration Reform Act*.

This document sets out important terms which apply to the Mortgage and are actually part of the Mortgage. We recommend you read this carefully and you may want to discuss the terms of the Mortgage with a lawyer.

This document describes the financial institution (mortgagee), who is lending you the money, as 'We'. The definition of "we" also includes "us" and "our".

This document describes the person who is being loaned money and giving the Mortgage on your Property as 'You'. The definition of "you" also includes "your". 'You' also includes anyone who guarantees your payments and Promises.

We are lending you money and we protect our interests through the Mortgage on your Property, which gives us certain rights, if you do not do what you promise to do. The specific terms that apply to your Mortgage (for example, the interest rate) are set out in a document that you sign and is registered, or which is authorized by you, prepared in electronic format and registered electronically. We call this the Registered Mortgage.

Generally, when a word is capitalized, the word is defined in Section 1. You should read Section 1 carefully.

SECTION 1 – TERMS YOU NEED TO KNOW

The following are used with particular meanings in this set of standard charge terms:

(1) ***Balance Due Date*** means the date shown in the Registered Mortgage as the date when the Mortgage matures. On this date the Mortgage must be repaid or renewed.

(2) ***CMHC*** means Canada Mortgage and Housing Corporation. It administers the *National Housing Act* and provides mortgage default insurance to lenders.

(3) ***Default*** means you have not kept a Promise under the Mortgage.

(4) ***First Payment Date*** means the date for first payment shown in the Registered Mortgage.

(5) ***Guarantor*** means a person who also agrees to keep your Promises under the Mortgage.

(6) ***HomeProtector® Insurance Premium*** means an insurance premium paid by you for optional group creditor life or life and disability insurance. This insurance will pay off the Outstanding Amount if you die or pay the regular mortgage payments (excluding property tax instalments) for a period of time if you become disabled. It is collected as part of your payment. It is different from property insurance which protects your home and its contents. *HomeProtector* insurance is underwritten by The Canada Life Assurance Company and is subject to terms, conditions, exclusions and eligibility restrictions. Please see the *HomeProtector* booklet for full details.

(7) ***Interest Adjustment Date*** means the date shown in the Registered Mortgage as the date to which we calculate accrued interest on money advanced to you. This date will be before your first regular payment period. This is the date the Term starts.

(8) ***Interest Rate*** means the interest rate that applies to the Mortgage. The Interest Rate and how it is calculated is shown in the Registered Mortgage. It is an annual rate, and gets adjusted as the Prime Rate rises or falls.

(9) ***Last Payment Date*** means the date for the last payment shown in the Registered Mortgage.

(10) ***Mortgage*** means the legal agreement between you and us, which gives us rights over your Property. '**Mortgage**' also includes any other documents attached to it as schedules, and any document amending the Mortgage. It includes this document and the Registered Mortgage.

(11) ***Mortgage Default Insurer*** means CMHC or any other institution that provides mortgage default insurance to lenders.

(12) ***National Housing Act*** means the *National Housing Act* R.S., c. N-10, s. 1., a federal law that promotes the construction of new houses and the repair and modernization of existing houses. CMHC provides mortgage default insurance under this law.

(13) ***Outstanding Amount*** means the total amount remaining to be paid on the Mortgage at any time. It includes the portion of the Principal Amount that remains unpaid, interest, additional amounts advanced, and amounts we have paid because you have not kept a Promise.

(14) ***Prepayment*** means repaying part of the Principal Amount ahead of schedule.

(15) ***Prime Rate*** means the annual rate of interest announced by Royal Bank of Canada from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada. Our notices of the Prime Rate will be conclusive.

(16) ***Principal Amount*** means the amount we originally loaned to you.

(17) ***Promises*** means everything that you agree to do under the Mortgage.

(18) ***Property*** means the land described in the Mortgage, as well as any buildings constructed on the land and anything attached or fixed to the land or buildings. It also includes any future building, addition, attachments or fixtures (fixtures includes things such as furnaces) to the land or buildings.

(19) ***Property Taxes*** means all present and future property taxes, rates, assessments, local improvement charges, administration fees and other similar amounts charged by local government on your Property. It includes interest and penalties charged by a local government.

(20) ***Registered Mortgage*** means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give the Mortgage, or for the electronic registration system, the charge authorized by you and prepared in electronic format and registered electronically under Part III of the *Land Registration Reform Act*.

(21) ***Term*** means the period of time from the Interest Adjustment Date to the Balance Due Date, which is shown on the Registered Mortgage.

(22) ***We*** means the mortgagee under the Mortgage. The mortgagee is named on the Registered Mortgage.

(23) ***You*** means each person who signed or is bound by the Mortgage and is the person who has to pay everything owing under the Mortgage. If you die or become incapacitated, your estate must pay us and keep your other Promises.

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SECTION 2 – HOW THE MORTGAGE WORKS

(1) In return for our agreeing to lend the Principal Amount or as much of the Principal Amount as we advance to you, you mortgage and charge your interest in your Property to us. This means the Mortgage is a charge on your Property and you have mortgaged your entire interest in your Property to us. All amounts relating to the Mortgage that you owe to us are secured by the Mortgage.

(2) It also means that you release your claims to your Property until you have repaid the Outstanding Amount and kept all your Promises.

(3) You can stay in possession of your Property, as long as you keep your Promises.

(4) Our interest in your Property ends when you have repaid the Outstanding Amount and you have kept all of your other Promises, and at that time, you can have a discharge of the Mortgage. Section 23 tells you what you must do to get a discharge.

(5) In return for our agreeing to lend the Principal Amount to you, you make certain Promises which you must keep. Not keeping your Promises includes breaking or not keeping your Promises in any way.

(6) You promise to sign any additional documents that we ask for and do everything else we ask you to do to protect our interest in your Property.

SECTION 3 – INTEREST

3.1 Interest Rate

(1) The Interest Rate you promise to pay is set out in the Registered Mortgage.

(2) The Interest Rate is the Prime Rate (as it changes from time to time) plus a premium, or minus a discount, as shown in the Registered Mortgage. The Interest Rate is an adjustable rate that is adjusted automatically when the Prime Rate changes. We do not have to give you notice of any change in the Prime Rate.

(3) Interest is calculated not in advance, with the same frequency as the payment frequency shown in the Registered Mortgage or another payment frequency that you select and is payable at that frequency.

(4) You promise to pay interest on the Outstanding Amount at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount has been paid in full.

(5) Your Mortgage payments are fixed, but the Interest Rate changes when the Prime Rate changes. If the Prime Rate goes down, more of your payment goes to pay off the Principal Amount; if the Prime Rate goes up, less of your payment goes to pay off the Principal Amount. If you are not in Default and your payment is not enough to pay all accrued interest due on the payment date, we will automatically increase your next payment by a series of $2.00 amounts, until the payment covers all accrued interest since your last payment. We do this so that you will pay all the interest you owe us and the amount you owe us will not increase. When this happens it will take longer to pay out your Mortgage. Your payments will remain at the increased amount for the rest of the Term, unless we both agree to a new amount or your payment falls short again.

3.2 Compound Interest

If you do not pay any interest when due under the Mortgage, we will add the overdue interest to the Outstanding Amount and charge you interest on the combined amount until it is paid. This is called compound interest. We calculate compound interest at the Interest Rate. You promise to pay it at the same frequency as your regular payments, both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full.

We will also charge you interest on compound interest at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full. All overdue interest and compound interest is part of the Outstanding Amount. You promise to pay this interest immediately when we ask you to pay it.

SECTION 4 – YOUR REGULAR PAYMENTS

(1) You promise to repay the Principal Amount and interest to us on the payment dates set in the Registered Mortgage or another payment frequency that you select starting with the First Payment Date until and including the

Last Payment Date. Your payments will be for the amounts set out in the Registered Mortgage. You promise to pay the Outstanding Amount on the Balance Due Date. You can ask us to change your payment date or payment frequency at any time.

(2) If you are not in Default, we apply your payment as follows:

(a) to pay your *HomeProtector* Insurance Premium, including any applicable sales taxes or similar taxes, if you have it;

(b) to pay Property Taxes, if we pay them on your behalf;

(c) to pay interest due and payable; and

(d) to reduce the Principal Amount.

(3) If you do not keep your Promises, we may apply your payment, or any other money we receive from you, as we choose.

(4) All payments must be in Canadian dollars.

(5) If we advance all or part of the Principal Amount before the Interest Adjustment Date, you promise to pay accrued interest on the money we advance at the Interest Rate from the day we lend you the money until the Interest Adjustment Date. You promise to pay this interest on the first day of each month until the Interest Adjustment Date. If your Interest Adjustment Date is not the first day of a month, you promise to also pay us interest from the first of the month until the Interest Adjustment Date.

SECTION 5 – BANK ACCOUNT FOR PAYMENTS

(1) You promise to have a deposit account at a Canadian financial institution and authorize us to withdraw from that account automatically for each payment when it is due.

(2) You will keep enough funds in the account to make each payment. You will not cancel your authorization to withdraw, or close the account without our consent.

(3) If your financial institution refuses the pre-authorized withdrawal, we will charge you for the fee your financial institution charges us. This may include situations where you do not have enough money in your account, or you closed your account.

SECTION 6 – PREPAYING YOUR MORTGAGE BEFORE THE MATURITY DATE

6.1 Restriction

None of the following Prepayment options apply if you are in Default.

6.2 Prepaying Your Mortgage

You may prepay $500 or more of the Outstanding Amount at any time without a Prepayment charge. When you prepay your Mortgage, you must pay back a portion of any cash back amount you received from us, as called for under Section 6.3.

6.3 Incentive Program

(1) We may, at our option, offer you an incentive to give the Mortgage to us. This incentive may be cash, a gift certificate or other item having a value (for example a voucher that you may redeem at a retail store). We will tell you the value of the incentive. We will call this a "cash back amount". If you repay the Outstanding Amount before the end of the Term or if you change the Term of the Mortgage, you promise to repay a portion of the cash back amount to us.

(2) Here is how we calculate the amount you must repay:

your cash back amount divided by the number of months in the Term, times the number of months remaining in the Term (including the month in which the repayment is made).

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Here is an example:

If you received a $1,000 cash back amount for a 5 year (60 months) mortgage and repay the mortgage in full after 3 years (36 months), the calculation of the amount would be as follows:

$1,000 ÷ 60 months x 24 months remaining = $400

6.4 *Double-Up*® Option

You may increase your regular payment by an amount up to 100% of the principal and interest portions of your regular payment (but not less than $100) on any payment date. This is called a "***Double-Up***". If you have a non-monthly payment frequency, the total amount of your *Double-Up* payments in any one calendar month cannot be more than the amount of principal and interest portions of what would be your monthly payment. If you do not *Double-Up*, you may not save this option to be used on a later payment date.

Here is an example of how to calculate the maximum permitted monthly *Double-Up* payments for a mortgage with non-monthly payments.

Weekly payments = principal and interest portions of payment x 52/12

Bi-Weekly = principal and interest portions of payment x 26/12

Semi-monthly = principal and interest portions of payment x 2

6.5 General Provisions On Prepayment

(1) If you use any Prepayment option, the schedule of payment dates will not change, unless we automatically increase your payments if your payment is not enough to pay all accrued interest due on the payment date.

(2) You promise to make payments until the Outstanding Amount is paid in full.

SECTION 7 – DELAYING A PAYMENT

If you meet the conditions set out in this Section, you can *Skip-A-Payment*®, which means not making a regular payment on its payment date.

7.1 *Skip-A-Payment* Option

(1) This Section applies only if:

- (a) the Term is less than 10 years;
- (b) the Mortgage is not insured by CMHC (see Section 7.2 for the *Skip-A-Payment* rules for CMHC insured mortgages); and
- (c) you have kept all of your Promises.

(2) *Skip-A-Payment* means not making a payment under the following conditions:

- (a) Once in every 12 month period during the Term, (starting on the Interest Adjustment Date or the anniversary date of the Interest Adjustment Date) you may *Skip-A-Payment* if the interest portion of the skipped payment, plus the Outstanding Amount, is not more than the Principal Amount.
- (b) You may *Skip-A-Payment* up to the amount of any *Double-Up* payments made by you. The total amount of all skipped payments must not be more than the total of your *Double-Up* payments.
- (c) If you *Skip-A-Payment* you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium.
- (d) The amount of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

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(3) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

7.2 *Skip-A-Payment* Option For CMHC-Insured Mortgages

(1) This part applies only if:

- (a) the Term is less than 10 years;
- (b) the Mortgage is insured by CMHC; and
- (c) you have kept all of your Promises.

(2) If the "loan to value ratio" is equal to or less than 90%, you may *Skip-A-Payment* as long as the Outstanding Amount plus the interest part of the skipped payment is not more than the Principal Amount.

- (a) By way of explanation, "loan to value ratio" means the ratio of the Principal Amount to the lesser of:
    - (i) the price paid to buy your Property; and
    - (ii) the value of your Property, as we determine, on the date of the Mortgage.
- (b) If the Mortgage is insured under CMHC's "95% Insurance" program or any related or successor program and the loan to value ratio is more than 90%, you may *Skip-A-Payment* only if, after having skipped the payment, the total of the Outstanding Amount plus the interest part of the skipped payment is equal to or less than 90% of the "loan to value ratio". To see whether you fit these conditions, you will need to know what the Outstanding Amount is, as a result of your repayments of principal. For example, Helen and Henry have a mortgage for a 5 year term, at a 6% interest rate, with a 20 year amortization period. Their house cost $200,000 and they borrowed $190,000 under the mortgage. Helen and Henry want to *Skip-A-Payment* in their first year as homeowners and in the fourth year. Can they do so? Follow the calculations:

	Year 1	**Year 4**
Principal Amount	$190,000	$190,000
Value of Property	$200,000	$200,000
Principal Amount repaid	$5,130	$22,400
Outstanding Amount	$184,870	$167,580
Interest part of skipped payment	$1,115	$1,105
Total Outstanding Amount plus Interest part of skipped payment	$185,985	$168,685
Ratio of Total Outstanding Amount plus Interest part of skipped payment to Principal Amount	**98%**	**89%**
	So they cannot *Skip-A-Payment* because of a ratio of more than 90%	**So they can *Skip-A-Payment* because of a ratio of less than 90%**

- (c) You may not *Skip-A-Payment* if, as a result of the skipped payment, the original amortization period of the Mortgage would be extended or you have skipped the equivalent of four monthly payments at any time during the Term and you have not yet repaid them.
- (d) When you *Skip-A-Payment* under this Part, you must still pay the portion of your payment that covers your Property Taxes and *Homeprotector* Insurance Premium. The amount of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(e) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

SECTION 8 – MOVING THE MORTGAGE

(1) If you sell your Property, and you are not in Default, you can either move the Mortgage to your new property or the person who buys your Property can apply to assume the Mortgage by doing what is required by Section 9. You cannot do both – you must decide.

(2) You can only exercise the option to move the Mortgage to your new property within 90 days after the sale of your Property.

(3) To move the Mortgage to your new property, you must:

(a) meet our mortgage approval criteria;

(b) sign or authorize a new mortgage; and

(c) pay any processing and administration fees, legal costs and property valuation fees, and any other expenses we incur.

(4) If the new principal amount is the same or less than the Outstanding Amount when you sell your Property, the Interest Rate will apply to your new mortgage. The maturity date for the new mortgage will be the same as the Balance Due Date.

(5) If your new principal amount is less than the Outstanding Amount when you sell your Property, you must pay us the difference between your new principal amount and the Outstanding Amount.

(6) If your new principal amount is more than the Outstanding Amount, the interest rate for your new Variable Rate mortgage will be the same rate as the Interest Rate.

(7) You must repay to us any cash back amounts owing as described in Section 6.3 when you sell your Property.

(8) If you wish to move the Mortgage and the Mortgage has mortgage default insurance, ask us to see if the mortgage default insurance can also be moved. You should also ask if you can move your *HomeProtector* insurance.

SECTION 9 – DUE ON SALE, ASSUMPTION OF MORTGAGE AND RELEASE OF OBLIGATIONS

(1) You must still keep your Promises even if you sell your Property.

(2) If you either agree to, or actually do, transfer your interest in your Property, either directly or indirectly, to a new owner without our approval, at our option the Outstanding Amount will immediately become due and payable in full and you will be required to pay the applicable Prepayment charge on the Outstanding Amount.

(3) If we accept payment from the new owner even though we did not approve the new owner, it will not mean that we have approved the transfer or that we have given up our right to require you to pay the Outstanding Amount.

(4) You must give us any information we ask for, to allow us to decide whether or not we want to give our approval. We will review that information and will tell you what we decide.

(5) We may set certain requirements that you and the new owner must meet as a condition of our approval. Our conditions will include the new owner signing our form of assumption agreement.

(6) Even if you sell the Property or transfer your interests, or we make any new agreement with the new owner with respect to any of the terms and conditions of the Mortgage, or if we accept payments from the new owner, that will not affect our rights against you or any Guarantor, unless we decide, at our discretion, that we will release you from your Promises. If we do not release you, you must still keep your Promises. You agree that we can renew or change the terms of the Mortgage in an agreement with the new owner, and that you will still have to keep your Promises, even though the Mortgage has been renewed or its terms have changed without your knowledge or consent.

SECTION 10 - RENEWAL OR AMENDING AGREEMENT

(1) If we send you a mortgage renewal agreement and you do not sign and return it to us before the date required, the Mortgage will be renewed on the terms we indicate in the mortgage renewal agreement.

(2) We may agree with you to change any of the terms of the Mortgage. We call this amending the Mortgage. If we do, you will still have to keep all your Promises.

(3) The Mortgage, as renewed or amended, will continue to have the same priority. For the purposes of Section 10 of the *Interest Act* (Canada), the date of the Mortgage will be the date the mortgage renewal or amendment takes effect.

SECTION 11 – ADDITIONAL AMOUNTS

(1) If you have paid part of the Principal Amount, we may if we want to and if you meet our requirements, allow you to borrow additional amounts up to a maximum of the difference between the Outstanding Amount and the Principal Amount. If we allow you to borrow any additional amounts, all amounts borrowed will be secured by the Mortgage, in the same priority, and will bear interest at the interest rate that applies to the Mortgage at that time.

(2) If we let you borrow additional amounts, whenever this document refers to the Outstanding Amount, it will refer to all amounts owing, including all additional amounts.

SECTION 12 – WE DO NOT HAVE TO MAKE ADVANCES

(1) We do not have to advance or re-advance all or any part of the Principal Amount to you, if we decide not to, even though:

(a) you have signed the Mortgage or authorized its registration;

(b) the Mortgage is registered in the land registry office; or

(c) we have advanced part of the Principal Amount.

(2) We may deduct from any advance:

(a) any Property Taxes that are due;

(b) any interest that is due and payable on the date of the advance; and

(c) any mortgage default insurance premium and application fees.

SECTION 13 – YOUR PROMISES

13.1 Your Property Tax Promises

(1) You promise to pay to us, if we require you to do so:

(i) on each payment date the amount of money that we estimate will be enough to permit us to pay Property Taxes when they are due; and

(ii) the balance owing in addition to the money you have already paid towards Property Taxes so that we can pay the Property Taxes in full.

(2) You promise to pay to us on each payment date one-twelfth of the amount we estimate will be required to provide enough money to pay all Property Taxes for the calendar year. We may re-estimate this amount from time to time. You agree to pay any additional amounts required because of this re-estimate.

(3) If you do not keep your Promises, any payments you make for Property Taxes may, at our option, be applied to pay the Outstanding Amount.

(4) As long as we require you to make Property Tax payments, and as long as you have kept your Promises, we will forward the amount required to pay Property Taxes to the local government as they fall due or at any time we

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choose. If the amount in the tax account is not enough to pay Property Taxes, we may advance amounts to the tax account to cover the shortfall or add the amount of the shortfall in the tax account to the Outstanding Amount. If you are sent a Property Tax notice, you must send it to us. If you do not send the notice to us and extra charges are imposed for Property Taxes, you must pay those charges. We are not responsible for any extra charges imposed because we did not receive a notice.

(5) We will charge you interest on any shortfall in the tax account at the Interest Rate. If you have a surplus in the tax account, we will pay you interest on that surplus at a rate that we choose.

(6) If at any time the Property Taxes we have paid exceed the amount you have paid us for Property Taxes, or we have to pay any fees because we have paid the Property Taxes on your behalf, we may immediately demand that you pay the shortfall to us. If you do not pay, we will add the shortfall to the Outstanding Amount.

(7) We may decide not to require you to make payments of Property Taxes through us. In that case, you agree to pay all Property Taxes on your Property as they fall due and will give us acceptable evidence, when we ask, that you have paid them.

13.2 Your Other Promises

(1) You also promise:

To pay all of our costs and expenses, including all legal fees, on a full indemnification basis, to

- (i) Prepare the Registered Mortgage, including all necessary steps to advance and secure the Principal Amount, investigate title, pay a title insurance premium, register the Mortgage and to report to us;
- (ii) Collect the Outstanding Amount;
- (iii) Enforce the terms of the Mortgage, including efforts to make you keep your Promises;
- (iv) Do anything which you promised to do but did not do; and
- (v) Prepare and give you a discharge of the Mortgage when you have paid all amounts owing under the Mortgage, as required by the Mortgage.

(2) You promise to comply with all laws and orders applicable to the Property, including those concerning zoning, land-use and environmental protection.

(3) You agree that we may add any expenses and costs that we pay to the Outstanding Amount if you do not pay them.

SECTION 14 – YOU CONFIRM

In return for our agreeing to lend the Principal Amount to you, you promise and confirm that:

- (a) You own your Property, you have the right to give the Mortgage and you mortgage your entire interest to us.
- (b) The Mortgage is given to secure repayment of the Outstanding Amount and to ensure that you keep all your Promises. You release all claims on your Property to us, until all amounts owing under the Mortgage have been repaid as required by the Mortgage and you have kept your other Promises.
- (c) You will pay all of the Outstanding Amount to us and keep all of your other Promises, as provided in the Mortgage.
- (d) There are no limitations or restrictions on your title to your Property, except those disclosed to us in writing and that we approved.
- (e) Your title to your Property is subject only to:
  - (i) Those interests filed in the land registry office at the time you give us the Mortgage; and
  - (ii) Any unregistered interests we have approved.

(f) As far as you know, no part of your Property or of any adjoining land is, has ever been or will in the future be used to manufacture, store or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders. No part of your Property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of, or adversely affect the sale of, your Property.

(g) You will, at your own expense, sign any documents and do anything we ask to ensure that all your interest in your Property has been mortgaged to us and that the Outstanding Amount is adequately secured by your Property.

SECTION 15 – OUR RIGHTS

15.1 Approval and Consent

Whenever this Mortgage talks about "approval" or a "consent", we mean approval or consent in writing, given by us before you act.

15.2 Money we Spend

We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate from the date that we spend the money until fully paid and will be secured by the Mortgage with the same priority. It shall be immediately due and payable to us.

15.3 Additional Interests in Property

By the Mortgage you grant and mortgage any additional or greater interest in your Property that you may later acquire.

15.4 Other Security

If you have mortgaged, charged or given us a security interest in anything else to better secure payment of the Outstanding Amount ("**Other Security**"), we may take legal proceedings under any of the Other Security in any order that we choose and at the same time as we are enforcing our rights under the Mortgage. If we get a judgment from the court, or recover any money under the Other Security, this will not affect our rights to enforce our rights under the Mortgage.

15.5 Consolidation

Our right of consolidation applies to the Mortgage and to any other mortgages given by you to us. This means that if you have mortgaged other property to us you will not have the right, after Default, to pay off the Mortgage or any mortgage of other property unless you pay us the money owed by you under the Mortgage and the Other Security.

SECTION 16 – PAYING OFF CLAIMS OR LIENS

(1) You promise not to allow any construction lien to remain undischarged on the title to your Property for more than 30 days, unless you:

(a) diligently dispute the validity of the construction lien by taking all necessary legal steps to do so;

(b) give us reasonable security by depositing money, bonds or other types of security acceptable to us (the "Security") to pay the construction lien and associated legal costs in full, including our legal costs on a full indemnification basis; and

(c) authorize us to use the Security to pay the construction lien and any of our legal costs on a full indemnification basis and those of the lien claimant in full, if the construction lien is found to be valid.

(2) We can pay off the claims of other creditors, who have an interest in your Property. These may include construction liens and other liens, government claims or encumbrances. If we pay off a claim you will pay the amount to us when we ask. Any amount we pay to the other creditor that you do not repay will be added to the Outstanding Amount. We can, if we think it is necessary, pay off any mortgages, charges, interests, claims or liens

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that have priority over the Mortgage, including realty taxes, utility charges, construction liens, or any amounts payable to a condominium corporation.

(3) Once we have paid off any such claims we are entitled to all the rights, equities and securities of the creditor. We can retain any discharge, if we need to.

(4) You promise to pay any money which, if not paid, would result in a default under any mortgage or claim that legally ranks before the Mortgage or that may result in the sale of your Property if not paid.

(5) You promise to pay and cause to be discharged any other mortgages, charges, liens, security interests, claims or other interests that we are not willing to have remain on your Property.

SECTION 17 – PROPERTY INSPECTIONS

(1) We may at any reasonable time inspect your Property, including the buildings.

(2) If the Mortgage has mortgage default insurance, the Mortgage Default Insurer and its agents can also inspect your Property.

(3) Inspections may include environmental testing, site assessments, investigations and studies.

(4) You promise to pay for the costs of the inspection including any tests or studies.

(5) If you do not pay our costs, we may add the costs to the Outstanding Amount.

(6) If we do conduct an inspection, we will not be considered to be in possession or control of, or managing, your Property.

SECTION 18 – ADVANCES OF MONEY FOR CONSTRUCTION MORTGAGES

(1) If the money we loaned is to be used to pay for any construction, alteration or addition on your Property, we may make advances of the Principal Amount to you based on the progress of construction.

(2) We will decide whether or not any advances will be made, the amount of the advances and when they will be made.

(3) Subject to Section 12, we may make advances to you based on how much of the construction, alteration or addition has been completed and the amount of money you need to complete.

(4) We may retain funds from any advance until we are completely satisfied that the holdback provisions of the *Construction Lien Act* (Ontario) have been complied with.

(5) If this Mortgage is a construction mortgage, we may require that accrued interest on progress advances from the date of these advances be paid in monthly instalments starting on the first day of the next month after the first advance, and on the first day of each following month. The balance of the interest must be paid on the Interest Adjustment Date. Interest will be payable at the Interest Rate and calculated daily. We may, if we want to, retain accrued interest out of the proceeds of each advance of the Mortgage. If the Principal Amount is not advanced in full on the Interest Adjustment Date, the Interest Adjustment Date will change to the date of the final advance. This means the Last Payment Date and Balance Due Date will also change. If the final advance is not made within 12 months of the first advance, we will automatically set your Interest Adjustment Date to a date that is 12 months from the date of the first advance and the Term will start.

SECTION 19 – SAFEGUARDING THE VALUE OF YOUR PROPERTY

You promise:

(1) To keep all of the buildings and improvements on your Property in a good condition and state of repair and to repair them as we require. If you do not make the repairs when we ask, we can make whatever repairs we think are needed. You must immediately pay the costs of any repairs we make and of any inspections. If you do not pay those costs, we will add them to the Outstanding Amount.

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(2) You will not tear down any building or structure, or part of any building or structure, on your Property without our approval.

(3) You will not do, or let anyone else do, anything that may reduce the value of your Property.

(4) You will not construct, alter or add to any buildings or improvements on your Property without our consent, and if the Mortgage is insured by a Mortgage Default Insurer, without its consent. Any construction or renovation must meet all applicable construction standards, building codes and municipal or governmental requirements. You must build or renovate using only new materials and according to the plans and specifications we have approved and if the Mortgage is insured by a Mortgage Default Insurer, it must approve the plans and specifications.

(5) You will provide us, and any Mortgage Default Insurer, with any information or material, such as plans, specifications, building permits, insurance and like information, as required to decide whether to give approval or not.

(6) We and any Mortgage Default Insurer, may set certain requirements which you must comply with as a condition of giving approval.

(7) Once we and any Mortgage Default Insurer have given approval you will only then demolish, make such alterations, additions or improvements in accordance with the approved plans and specifications and all applicable construction standards, building codes and municipal or other government requirements and you will complete the work as quickly as possible.

(8) You authorize us or, if your Mortgage is insured, the Mortgage Default Insurer, to enter your Property at all reasonable times to inspect and repair, but we will not be considered to be in possession or control of the Property by exercising this right.

SECTION 20 – WITHHOLDING TAXES

(1) If you are not a Canadian resident for income tax purposes, the country where or in which you are a resident for income tax purposes may charge a withholding tax on the interest portion of your payment to us. We must receive interest payments free and clear of any withholding tax.

(2) You are responsible for paying any withholding tax. If you must pay withholding tax, you promise to remit the withholding tax to the tax authority of the country of which you are a tax resident. You promise to give to us the withholding tax receipt issued by the foreign tax authority as proof you paid the withholding tax.

If you do not pay the withholding tax and the foreign tax authority makes us pay it, you promise to pay the withholding tax to us when we ask for it. If you do not pay it to us, the amount will be added to the Outstanding Amount. In some circumstances, we may tell you that we will collect and remit the withholding tax on your behalf. If we tell you this, we will remit the withholding tax to the foreign tax authority from the interest we collect.

SECTION 21 – INSURANCE

(1) You promise to maintain adequate insurance on your Property until the Outstanding Amount has been repaid in full.

(2) You promise, if we ask, to give us certified copies of the insurance policy and evidence of its renewal not less than 15 days before the policy expires.

(3) The insurance must be with a licensed insurance company and must be for the full replacement value of your Property in Canadian dollars. The insurance policy must contain mortgage clauses approved by The Insurance Bureau of Canada. These clauses must provide that loss proceeds are payable to us first, and we have the first right to receive and to have a first lien on the loss proceeds. You must also assign your insurance policy to us.

(4) The insurance policy must protect against the following risks: fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke and falling objects.

(5) We may also require that other risks be covered, depending on the nature or location of the Property.

(6) The insurance policy must cover all buildings on your Property, whether before, during or after construction, and all fixtures attached to the buildings.

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(7) We can, if we want to, place and pay for any insurance policy if you fail to do so.

Any money which we pay for insurance will be immediately payable by you to us, and will be added to the Outstanding Amount if not paid.

(8) If any loss or damage occurs, you promise, at your expense, to immediately do everything necessary to allow us to receive the insurance proceeds.

(9) Production of the Mortgage will be sufficient authority for the insurance company to pay proceeds to us and the insurance company is directed to pay the proceeds to us.

(10) Insurance proceeds may, at our option, in whole or in part be:

- (i) used to repair or rebuild your Property;
- (ii) used to repay any part of the Outstanding Amount, whether due or not, and any Prepayment charge on the amount repaid; or
- (iii) paid to you.

SECTION 22 – ENFORCING OUR RIGHTS

22.1 Defaults

A Default occurs if

- (a) You do not make any payment when required;
- (b) You do not keep any of your Promises;
- (c) You become insolvent or bankrupt; or
- (d) Your Property is abandoned or is left unoccupied so your insurance policy could be cancelled.

Not keeping your Promises includes breaking or not keeping any of your Promises in any way.

22.2 Consequences of a Default

If a Default occurs we can, if we wish, do any one or more of the following, in any order that we want:

- (a) ***Demand Payment*** – demand that you immediately pay the Outstanding Amount.
- (b) ***Sue You*** – take action in court to make you pay the Outstanding Amount or make you keep your Promises.
- (c) ***Lease Your Property*** – if Default continues for 15 days, we may, on 15 days notice to you, enter on and lease your Property. We may apply the net rent to reduce any part of the Outstanding Amount. If the net rent is not sufficient to pay the Outstanding Amount in full, you must pay us the difference.
- (d) ***Sell Your Property*** – if Default has continued for 15 days, we may enter your Property and, on at least 35 days prior written notice to you and any other party entitled to notice as required by Part III of the *Mortgages Act* (Ontario), sell your Property or any part of your Property. We can sell by public auction or private sale, or partly by one way and partly by the other. You agree we may sell all or part of your Property for cash or on credit, or partly for cash and partly on credit, and otherwise on whatever terms we negotiate. If we sell on credit, we will not be required to reduce the Outstanding Amount, or pay any sale proceeds to you in any situation where you are entitled at law to receive them, until we receive payment of the Outstanding Amount. We may also buy your Property ourselves, or terminate or amend any agreement we enter into for the sale of your Property and resell if we decide to do so. After we sell your Property under power of sale, we will use the money we receive from the sale to pay:
  - (i) any amounts required to be paid to any party with a higher right in your Property than us;

(ii) any auctioneer's fees or real estate agent's commission;

(iii) all adjustments usually made on the sale of property;

(iv) all of our expenses and costs as described in Section 22.4;

(v) the Outstanding Amount;

(vi) any amounts owed to any party holding a mortgage, lien or other security on your Property with a lower priority to the Mortgage; and

(vii) any surplus to you.

We may make these payments in any order we want to.

After payment of the amounts referred to in paragraphs (i) to (iv) above, if the remaining money is not enough to pay all the Outstanding Amount, you promise to pay the remaining unpaid Outstanding Amount to us on written demand to do so.

(e) ***Court Sale*** – apply to the court for an order for the sale of your Property under the supervision of the court. If the net proceeds of sale are not enough to pay the Outstanding Amount, you promise to pay us the remaining unpaid Outstanding Amount to us on written demand to do so;

(f) ***Foreclose*** – apply to the court to foreclose your interest in your Property, so that when the court makes its final order of foreclosure, all your interest in your Property will be absolutely transferred to, and belong to, us and you will no longer have any interest in your Property;

(g) ***Appoint a Receiver*** –appoint a receiver (which includes a receiver and manager) to collect any income from your Property or take any other action with respect to your Property which we could take. We will appoint a receiver by written notice to you. The receiver will be your agent, not ours, and you alone will be responsible for all of the receiver's acts or omissions. We will not be accountable for any money received by the receiver, except to the extent that we actually receive the money. The receiver may use every available remedy that we have under the Mortgage, including collecting income from your Property, taking possession of all or part of your Property, managing your Property, keeping your Property in good condition, finishing any buildings under construction on your Property, leasing your Property and selling your Property. From the income collected from your Property, or the proceeds of the sale of your Property, the receiver will pay:

(i) all rents, taxes, rates, insurance premiums and other expenses required to keep your Property in good condition;

(ii) all amounts required to keep any encumbrances ranking in priority to the Mortgage in good standing;

(iii) its own compensation as receiver;

(iv) all costs with respect to any leasing or sale of your Property; and

(v) any part of or all of the Outstanding Amount, whether it is due or not, together with any Prepayment charge.

(h) ***Take Possession*** –take possession of your Property, without any interference by you or anyone else living on your Property, and free from any other mortgages, charges, liens or easements, limitations or restrictions that we did not approve. If we take possession, we can ask you to leave your Property with all your belongings. If you do not leave, the court will order you to leave and if you refuse, the court will have you forcibly removed. Once in possession, we may do anything we consider necessary to:

(i) inspect, collect rents, manage or lease your Property;

(ii) complete the construction of any building on your Property;

(iii) repair any building on your Property; or

(iv) take any other action permitted under the Mortgage or by law.

If we take possession, we will not be responsible for maintaining and preserving your Property. We will only account to you for any money we actually receive in connection with the Mortgage or your Property.

(i) ***Other Action*** – take any other necessary action to take, recover and keep possession of your Property.

(j) ***Non-interference*** – if we take possession of your Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your Property may be leased or sold, and you will not make any claim against any person to whom your Property may be leased or sold.

22.3 Remedies after a Court Order

Even if we obtain judgment against you,

(1) We may continue to use the remedies described in Section 22.2 to make you keep your Promises; and

(2) We will be entitled to continue to receive interest and compound interest at the Interest Rate on the Outstanding Amount until the judgment is paid in full.

22.4 Our Expenses

(1) You promise to pay us all reasonable expenses and costs we incur to enforce the Mortgage or exercise any of our rights under the Mortgage.

(2) Expenses and costs will include our costs of taking and keeping possession of your Property, any costs of repairs or improvements to your Property, legal fees and disbursements on a full indemnification basis and all other costs and expenses we incur to protect our interests.

(3) These expenses and costs will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate until fully paid and will be secured by the Mortgage, in the same priority.

22.5 Bonus on Default

(1) If you default in any payment, we require you to pay a charge equal to three (3) months interest in advance at the Interest Rate on the Outstanding Amount.

(2) You cannot get a discharge of the Mortgage without making this payment or giving us three (3) months' prior written notice that you will be paying the Outstanding Amount, as required by law, and paying the Outstanding Amount on the date stated in the notice.

22.6 Delay in Enforcing our Rights

If you Default, and we do not exercise any of our rights or do not ask you to remedy the Default, we are not prevented from making you remedy the Default later or exercising any of our rights in connection with the Default later or any other Default.

SECTION 23 – DISCHARGE

(1) **Full Discharge** – We will discharge the Mortgage when:

- (a) You have paid all amounts owing as and when required under the Mortgage, including any Prepayment charge;
- (b) You have kept all other Promises under the Mortgage; and
- (c) You have paid our fee and costs to prepare and register the discharge.

(2) If we fully discharge the Mortgage we will no longer be entitled to enforce our rights under the Mortgage. We will not give you notice if we intend to discharge the Mortgage.

(3) We will prepare the discharge and register it, if we want to. If we register the discharge, we will send you a letter telling you it has been registered. You will pay us the administration fee that we charge when a mortgage is paid in full. If we register the discharge, you will also pay the registration costs.

(4) Partial Discharge

- (a) We may release our interest in all or any part of your Property, if we wish. We can do this whether or not we receive any money. We will only be accountable to you for money we actually receive. If we receive money, we will apply it to what you owe us, including the applicable Prepayment charge.
- (b) If we release our interest in part of your Property, the part remaining will continue to secure the Outstanding Amount. If we release part of your Property, your Promises, as well as the Promises of any Guarantor, will continue unchanged.

SECTION 24 – RENTING YOUR PROPERTY

(1) You promise that you will occupy your Property. If you want to rent, lease or enter into any form of tenancy agreement covering all or any part of your Property, you promise to get our prior consent. We may refuse to give it, at our option.

(2) If you have told us that your Property is, or will be, used only as an owner-occupied residential property, you confirm that no part of your Property is rented or occupied by a tenant.

(3) If you do not keep any of these Promises, at our option, the Outstanding Amount will immediately become due and payable and we will be entitled to enforce any of our rights.

(4) In this case, we can pay any amount we think is needed to any tenant, to obtain the co-operation of the tenant in selling your Property, showing your Property and obtaining possession of your Property or any part of your Property from the tenant. You agree that any amount we pay to a tenant will be added to the Outstanding Amount.

(5) Nothing we do under this Section 24 will put us in possession, control or management of your Property and we are not obliged to collect any rent or income from your Property, or comply with any terms of any lease or agreement.

(6) If you rent all or any part of your Property without our approval, we will have the same rights and remedies as if you had tried to discourage us from taking possession of your Property if you had defaulted under the Mortgage or adversely affected the value of your Property within the meaning of Section 52(1) of the *Mortgages Act* (Ontario).

(7) If you rent your Property with our consent, you assign to us:

- (a) All leases, lease agreements and their renewals, whether current or future;
- (b) All rents payable under the leases and lease agreements; and
- (c) All rights under the leases or lease agreements that affect your Property.

SECTION 25 – ENFORCING OUR RIGHTS

If you do not keep your Promises, then at our option

(1) The Outstanding Amount will immediately become due and payable, together with a portion of any cash back amount that you promise to repay, as explained in Section 6.3; and

(2) We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount. It will be immediately due and payable will bear interest at the Interest Rate until fully paid to us and will be secured by the Mortgage, in the same priority.

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SECTION 26 – CONDOMINIUM MORTGAGES

(1) If your Property is a condominium unit, you promise to meet these obligations, in addition to your other Promises under the Mortgage:

(a) You must comply with the *Condominium Act* (Ontario), and the declaration, by-laws and rules of the condominium corporation. We may ask you to provide proof of compliance.

(b) You must pay the common expenses for your Property to the condominium corporation on the due dates. We may ask you to provide proof of payment.

(c) We have the right to give you notice that we will collect your contribution to the common expenses from you and you agree to make that payment. We can accept a statement from the condominium corporation as conclusive evidence of how much is owed for common expenses and when it must be paid.

(d) You will forward to us any notices or assessments from the condominium corporation.

(e) You must maintain in good condition and state of repair all improvements made to your Property.

(f) You must repair your Property after damage.

(g) You must ensure that the condominium corporation complies fully with:

(i) The terms of all insurance policies on the condominium;

(ii) All obligations imposed by the *Condominium Act* (Ontario);

(iii) The by-laws of the condominium corporation; and

(iv) The insurance provisions of the declaration of the condominium corporation.

(h) You must carry adequate insurance. This means you must insure all improvements made to your Property. The insurance policy must cover your Property against destruction or damage by fire and by other perils usually covered in fire insurance policies, as well as those perils listed in Section 21(4) of the Mortgage. You must obtain insurance for any additional risks that we require.

(i) The policy must cover your Property for its full replacement cost: this means the maximum amount for which it can be insured.

(j) You must insure the common or other interest in both planned and existing buildings, which form part of the condominium property if the condominium corporation fails to insure them.

(k) You must assign your insurance policies to us. As far as it is legal to do so, you must assign your interest in any insurance policies held by the condominium corporation.

(l) You must provide us with proof that the insurance for the condominium corporation and your insurance is in force. If the policy is renewed or replaced, you must inform us at least thirty days before the insurance expires.

(m) You must do everything that is necessary to collect any insurance proceeds.

(n) (i) You authorize us, in your name and on your behalf, at all times, to exercise your rights under the *Condominium Act* (Ontario) to vote at any meeting of the condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the property or assets of the condominium corporation. This authorization includes voting on or any consent to the termination of the condominium corporation;

(ii) In exercising these rights, we can choose to not vote or consent at any particular time or on any particular issue;

(iii) If we do vote or consent for you, we do not as a result become a mortgagee in possession. We are not responsible to protect your interests. We are also not responsible for the way we vote or consent, or if we fail to do so;

(iv) We can, if we wish, give notice to you and the condominium corporation at any time that we do not intend to exercise our right to vote or consent and, until we revoke this notice, you may vote or consent. Any notice we may give may be for an indeterminate or limited period of time, or for a specific meeting or matter.

(o) If we wish, the Outstanding Amount will become payable immediately if:

(i) the governing of your Property by the condominium corporation under the *Condominium Act* (Ontario) is terminated. This means your Property is no longer part of a condominium;

(ii) a vote of the unit owners authorizes the sale of all or any material part of the property of the condominium corporation, including a material part of its common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act* (Ontario), or the declaration, by-laws or rules and regulations of the condominium corporation;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against, for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

SECTION 27 – LEASEHOLD MORTGAGES

(1) If you rent or lease your Property from someone else, you certify that:

(a) You lease your Property under a valid lease, you have given us a copy of that lease and you have good leasehold title to your Property;

(b) You have paid all rents and other payments required under the lease and you have kept all of your other promises in the lease, up to the date you sign or authorize the Mortgage;

(c) You either have the consent of your landlord to the Mortgage, or you have the right to charge your interest in the lease to us, without consent; and

(d) There are no limitations on your interest in the lease except for any set out in the lease, or restrictions registered in the land registry office.

(2) From now on, you promise that:

(a) You will pay rents and other payments required by the lease when due;

(b) You will do everything you are required to do under the lease;

(c) You will not surrender the lease or cause it to be terminated;

(d) You will not make any change in the lease without our approval;

(e) You will immediately give us a copy of any notice or demand you receive about the lease;

(f) You will, at your expense, do anything that we think necessary to ensure that all your interest in your Property and in the lease is covered by the Mortgage and that the Outstanding Amount is adequately secured;

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(g) If you default under the lease, and we have to pay anyone else, as required by law or to protect our security, you will pay us back. If you do not pay us back, the amount we paid will be added to the Outstanding Amount;

(h) You will hold the last day of the term of the lease or of any renewal term in trust for us and will only deal with it as we require. At our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal;

(i) We may remove you or any other person as trustee of this trust and appoint a new trustee;

(j) You must not let any renewal or other options lapse. Unless we tell you otherwise, you should renew the lease or exercise any other option so that the lease will continue as long as the Mortgage is outstanding, and provide us with evidence as we may require;

(k) If you subsequently buy the Property from the owner, the Mortgage will automatically become a Mortgage on the entire interest in the Property, as if you had owned Property at the time that we advanced you the Principal Amount. If we ask, you agree to re-mortgage and charge your interest in your Property to us, and to execute or authorize a mortgage and any other documents we ask;

(l) If you fail to keep any of your promises under the lease, we can treat that as if you had defaulted under the Mortgage and we can exercise our rights under Section 22;

(m) If we enforce our rights under the Mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in your Property; and

(n) You irrevocably appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal, and transfer your interest in your Property. This is a right coupled with an interest.

SECTION 28 – EXPROPRIATION

(1) If your entire Property is expropriated, the Outstanding Amount will immediately become due and payable, together with any applicable Prepayment charge.

(2) If only a part of your Property is expropriated, you promise to pay to us the amount you are awarded for the partial expropriation and we will credit it to any Prepayment charge applicable to that amount and to the Outstanding Amount.

(3) If we consider that the remainder of your Property is not adequate security for the Outstanding Amount, then the Outstanding Amount, or the part of the Outstanding Amount as we decide, will immediately become due and payable together with the Prepayment charge applicable to that amount.

(4) Any amount you pay us because of an expropriation must include the Prepayment charge applicable to that amount.

SECTION 29 – GUARANTEE

(1) In this Section the term "Borrower" means the person we loaned money to and who gave us the Mortgage.

(2) In return for us having made a loan to the Borrower, each person who signs the Registered Mortgage as "Guarantor" agrees with us, as a principal debtor and not as a surety, to pay us the Principal Amount and all other amounts secured by this Mortgage, together with interest at the Interest Rate on the days and at the times the Borrower is required to pay them under the Mortgage and to observe and keep all of the Borrower's other Promises under the Mortgage, without our having to ask the Guarantor to do so.

(3) Each Guarantor, if there is more than one, will be jointly and severally liable with each other and with the Borrower for keeping all the Promises. This means that if there are 2 or more Guarantors, each is collectively and individually liable with each other and with the Borrower for keeping all the Promises.

(4) We may at any time and from time to time do the following without the consent of, or notice to, any Guarantor:

- (a) give extensions of the time to pay any amount owing under the Mortgage or the keeping of any other Promises or waive the Borrower's obligation to keep any particular Promise;
- (b) give extensions of the Term, including any renewals of the Mortgage or its Term for further periods of time, whether any extension or renewal is by way of a written agreement with the Borrower or otherwise;
- (c) increase or decrease the Interest Rate, either during the Term or any renewal or extension period of the Mortgage;
- (d) release the whole or any part of the Borrower's Property from the Mortgage;
- (e) waive any provisions of the Mortgage or change any terms or conditions of the Mortgage at any time during the Term, or during any future extension or renewal period;
- (f) shorten or lengthen the amortization period of the Mortgage;
- (g) advance and re-advance amounts of Principal Amount to the Borrower;
- (h) permit any prepayment of Principal Amount, the skipping of any payment or the making of multiple payments by the Borrower, whether or not these payments are allowed under the Mortgage; and
- (i) release any Guarantor from any promise made in this Section or release the Borrower or any future owner of the Property from any Promise made in the Mortgage;

without in any way affecting the guarantee or the obligations of any Guarantor. The obligations of the Guarantor under this guarantee will extend to and include the Promises of the Borrower as so amended, renewed, extended, varied or waived.

(5) We may require any Guarantor to make a payment or keep any Promise from any Guarantor before we try to get the Borrower to make the payment or keep any Promise.

(6) The Guarantor's promises and obligations under this guarantee will not be affected by any of the following:

- (a) the Borrower's or any Guarantor's disability, incapacity or death;
- (b) any invalidity in the Mortgage or Promises of the Borrower;
- (c) any release of Promises, except if the Outstanding Amounts are paid in full, including any Prepayment charge;
- (d) our getting a court order against the Borrower, or our taking any steps to realize on the Mortgage (or not taking any steps), or by our exercising any remedy against the Borrower or the Borrower's assets;
- (e) any law which might affect any terms of the Mortgage or this guarantee, or the Borrower or the Guarantor;
- (f) any failure by us to enforce our rights under the Mortgage or Other Security; and
- (g) any other fact or occurrence which may change the Guarantor's risk, or might constitute a discharge of the Guarantor.

(7) Until the Borrower has kept all of the Borrower's Promises, including paying everything the Borrower owes the Guarantor the Borrower will not have any guarantee rights and the Guarantor agrees not to ask for reimbursement from the Borrower until such time.

(8) The Guarantor acknowledges having received a copy of the Mortgage.

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(9) All obligations of any Guarantor will also be those of the Guarantor's heirs, executors, administrators, personal representatives, successors and assigns and will not be altered by the insolvency or bankruptcy of any Borrower or Guarantor.

(10) The Guarantor's liabilities and obligations under this Guarantee are absolute and unconditional in all circumstances.

SECTION 30 – ADMINISTRATION FEES

You promise to pay to us, when we ask, our administration and processing fees we charge at that time to prepare an assumption statement, information statement, payout statement, amending or other agreement, a transfer of the Mortgage, or any fees referred to in Section 23. If you do not pay a fee it will be added to the Outstanding Amount. Interest at the Interest Rate will be charged on these unpaid fees.

SECTION 31 – APPLICABLE LEGISLATION

31.1 Statutory Covenants Replaced

The *Land Registration Reform Act* sets out certain covenants in Section 7 (1). These covenants are excluded from the Mortgage and replaced with your Promises.

31.2 Ontario New Home Warranties Act

If the *Ontario New Home Warranties Plan Act* applies to your Property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

31.3 National Housing Act

If the Mortgage is insured by CMHC the Mortgage is made under the *National Housing Act*.

31.4 Spousal Consent

Your spouse, by signing the Mortgage, consents to the Mortgage and releases all interest in the Property to the extent necessary to give effect to our rights under the Mortgage. Your spouse also agrees that we may, without further notice, deal with the Property and the debt created by the Mortgage as we wish.

SECTION 32 – WHO IS BOUND BY THE MORTGAGE

(1) Not only are you bound by everything in the Mortgage, but also your heirs, executors, administrators, personal representatives, successors and assigns, and anybody else to whom your Property is transferred are bound.

(2) If more than one person signs or authorizes the Mortgage as Borrower, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(3) If more than one person signs or authorizes the Mortgage as Guarantor or signs or authorizes a guarantee of the Mortgage, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(4) By way of explanation, the term "jointly and severally" means that if there is more than 1 person signing or authorizing the Mortgage as Borrower or as Guarantor, each is collectively and individually liable with all other persons signing or authorizing for keeping all the Promises.

SECTION 33 – INTERPRETATION

33.1 Partial Invalidity

If any provision of the Mortgage is found to be illegal or unenforceable, this will not affect the validity or enforceability of the other provisions.

33.2 Paragraph and Section Headings

Paragraph and Section headings do not form part of the Mortgage, but are used only for easy and convenient reference. They do not affect the construction or interpretation of the Mortgage.

33.3 Number and Gender

Unless the context requires otherwise, words in the singular include the plural, and vice versa, and words specifying a gender include all genders.

33.4 Statutes

Any reference to any statutes shall be deemed to be a reference to such statute and any and all regulations from time to time made under such statute and to such statute and regulations as amended or re-enacted from time to time. Any references in this document to a specific section or sections, paragraph or clause of any statute or regulation shall be deemed to include a reference to any corresponding provision of future law.

Dated the 17th day of March 2005

ROYAL BANK OF CANADA

Per:
Name: Catherine Adams
Title: Vice-President, Home Equity Financing Products

Per: Nancy Santini
Name: Nancy Santini
Title: Assistant Secretary

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200513 Code

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200514 Cote
Filing Date 6th APRIL 2005 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act Set of Standard Charge Terms

FILED BY ROYAL BANK OF CANADA

The following set of standard charge terms are deemed to be included in every Charge/Mortgage of Land in which this set of standard charge terms is referred to by its filing number, as referred to in Section 9 of the *Land Registration Reform Act*.

This document sets out important terms which apply to the Mortgage and are actually part of the Mortgage. We recommend you read this carefully and you may want to discuss the terms of the Mortgage with a lawyer.

This document describes the financial institution (mortgagee), who is lending you the money, as 'We'. The definition of "we" also includes "us" and "our".

This document describes the person who is being loaned money and giving the Mortgage on your Property as 'You'. The definition of "you" also includes "your". 'You' also includes anyone who guarantees your payments and Promises.

We are lending you money and we protect our interests through the Mortgage on your Property, which gives us certain rights, if you do not do what you promise to do. The specific terms that apply to your Mortgage (for example, the interest rate) are set out in a document that you sign and is registered, or which is authorized by you, prepared in electronic format and registered electronically. We call this the Registered Mortgage.

Generally, when a word is capitalized, the word is defined in Section 1. You should read Section 1 carefully.

SECTION 1 – TERMS YOU NEED TO KNOW

The following are used with particular meanings in this set of standard charge terms:

(1) ***Balance Due Date*** means the date shown in the Registered Mortgage as the date when the Mortgage matures. On this date the Mortgage must be repaid or renewed.

(2) ***CMHC*** means Canada Mortgage and Housing Corporation. It administers the *National Housing Act* and provides mortgage default insurance to lenders.

(3) ***Default*** means you have not kept a Promise under the Mortgage.

(4) ***First Payment Date*** means the date for first payment shown in the Registered Mortgage.

(5) ***Guarantor*** means a person who also agrees to keep your Promises under the Mortgage.

(6) ***HomeProtector® Insurance Premium*** means an insurance premium paid by you for optional group creditor life or life and disability insurance. This insurance will pay off the Outstanding Amount if you die or pay the regular mortgage payments (excluding property tax instalments) for a period of time if you become disabled. It is collected as part of your payment. It is different from property insurance, which protects your

home and its contents. *HomeProtector* insurance is underwritten by The Canada Life Assurance Company and is subject to terms, conditions, exclusions and eligibility restrictions. Please see the *HomeProtector* booklet for full details.

(7) ***Interest Adjustment Date*** means the date shown in the Registered Mortgage as the date to which we calculate accrued interest on money advanced to you. This date will be before your first regular payment period. This is the date the Term starts.

(8) ***Interest Rate*** means the interest rate that applies to the Mortgage The Interest Rate and how it is calculated is shown in the Registered Mortgage. It is an annual rate which gets adjusted as the Prime Rate rises or falls, but will not rise above a set limit, known as the *RateCapper®* Maximum Rate.

(9) ***Last Payment Date*** means the date for the last payment shown in the Registered Mortgage.

(10) ***Mortgage*** means the legal agreement between you and us, which gives us rights over your Property. **'Mortgage'** also includes any other documents attached to it as schedules, and any document amending the Mortgage. It includes this document and the Registered Mortgage.

(11) ***Mortgage Default Insurer*** means CMHC or any other institution that provides mortgage default insurance to lenders.

(12) ***National Housing Act*** means the *National Housing Act* R.S., c. N-10, s. 1., a federal law that promotes the construction of new houses and the repair and modernization of existing houses. CMHC provides mortgage default insurance under this law.

(13) ***Outstanding Amount*** means the total amount remaining to be paid on the Mortgage at any time. It includes the portion of the Principal Amount that remains unpaid, interest, additional amounts advanced, and amounts we have paid because you have not kept a Promise.

(14) ***Prepayment*** means repaying part of the Principal Amount ahead of schedule. Depending on the type of Mortgage you have and the amount you are paying, you may have to pay a Prepayment charge when you make a prepayment.

(15) ***Prime Rate*** means the annual rate of interest announced by Royal Bank of Canada from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada. Our notices of the Prime Rate will be conclusive.

(16) ***Principal Amount*** means the amount we originally loaned to you.

(17) ***Promises*** means everything that you agree to do under the Mortgage.

(18) ***Property*** means the land described in the Mortgage, as well as any buildings constructed on the land and anything attached or fixed to the land or buildings. It also includes any future building, addition, attachments or fixtures (fixtures includes things such as furnaces) to the land or buildings.

(19) ***Property Taxes*** means all present and future property taxes, rates, assessments, local improvement charges, administration fees and other similar amounts charged by local government on your Property. It includes interest and penalties charged by a local government.

(20) ***RateCapper Maximum Rate*** means an interest rate shown on the Registered Mortgage. The Interest Rate will never be higher than this rate.

(21) ***Registered Mortgage*** means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give the Mortgage, or for the electronic registration system, the charge authorized by you and prepared in electronic format and registered electronically under Part III of the *Land Registration Reform Act*.

(22) ***Term*** means the period of time from the Interest Adjustment Date to the Balance Due Date, which is shown on the Registered Mortgage.

(23) ***We*** means the mortgagee under the Mortgage. The mortgagee is named on the Registered Mortgage.

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(24) ***You*** means each person who signed or is bound by the Mortgage and is the person who has to pay everything owing under the Mortgage. If you die or become incapacitated, your estate must pay us and keep your other Promises.

SECTION 2 – HOW THE MORTGAGE WORKS

(1) In return for our agreeing to lend the Principal Amount or as much of the Principal Amount as we advance to you, you mortgage and charge your interest in your Property to us. This means the Mortgage is a charge on your Property and you have mortgaged your entire interest in your Property to us. All amounts relating to the Mortgage that you owe to us are secured by the Mortgage.

(2) It also means that you release your claims to your Property until you have repaid the Outstanding Amount and kept all your Promises.

(3) You can stay in possession of your Property, as long as you keep your Promises.

(4) Our interest in your Property ends when you have repaid the Outstanding Amount and you have kept all of your other Promises, and at that time, you can have a discharge of the Mortgage. Section 23 tells you what you must do to get a discharge.

(5) In return for our agreeing to lend the Principal Amount to you, you make certain Promises which you must keep. Not keeping your Promises includes breaking or not keeping your Promises in any way.

(6) You promise to sign any additional documents that we ask for and do everything else we ask you to do to protect our interest in your Property.

(7) Your Mortgage payments are fixed but the Interest Rate changes when the Prime Rate changes. If the Prime Rate goes down, more of your payment goes to pay off the Principal Amount. If the Prime Rate goes up, less of your payment goes to pay off the Principal Amount. However, the Interest Rate will not exceed a specific interest rate shown on the Registered Mortgage (called the *RateCapper* Maximum Rate).

SECTION 3 – INTEREST

3.1 Interest Rate

(1) The Interest Rate you promise to pay is set out in the Registered Mortgage.

(2) The Interest Rate is the Prime Rate (as it changes from time to time) plus a premium, or minus a discount, as shown in the Registered Mortgage. The Interest Rate is an adjustable rate that is adjusted automatically when the Prime Rate changes. We do not have to give you notice of any change. The Interest Rate will never exceed the *RateCapper* Maximum Rate.

(3) Interest is calculated not in advance, with the same frequency as the payment frequency shown in the Registered Mortgage or another payment frequency that you select and is payable at that frequency.

(4) You promise to pay interest on the Outstanding Amount at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount has been paid in full.

(5) If the Prime Rate goes down, more of your payment goes to pay off the Principal Amount; if the Prime Rate goes up, less of your payment goes to pay off the Principal Amount. If you are not in Default and your payment is not enough to pay all accrued interest due on the payment date, we will automatically increase your next payment by a series of $2.00 amounts, until the payment covers all accrued interest since your last payment. We do this so that you will pay all the interest you owe us and the amount you owe us will not increase. When this happens it will take longer to pay out your Mortgage. Your payments will remain at the increased amount for the rest of the Term, unless we both agree to a new amount or your payment falls short again.

(6) The Interest Rate will never be higher than the *RateCapper* Maximum Rate, even if the Prime Rate plus your premium, or minus your discount, is higher than the *RateCapper* Maximum Rate. If the Prime Rate plus your premium or minus your discount falls below the *RateCapper* Maximum Rate, the Interest Rate will once again be the Prime Rate plus your premium or minus your discount.

3.2 Compound Interest

If you do not pay any interest when due under the Mortgage, we will add the overdue interest to the Outstanding Amount and charge you interest on the combined amount until it is paid. This is called compound interest. We calculate compound interest at the Interest Rate. You promise to pay it at the same frequency as your regular payments, both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full.

We will also charge you interest on compound interest at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full. All overdue interest and compound interest is part of the Outstanding Amount. You promise to pay this interest immediately when we ask you to pay it.

SECTION 4 – YOUR REGULAR PAYMENTS

(1) You promise to repay the Principal Amount and interest to us on the payment dates set in the Registered Mortgage or another payment frequency that you select starting with the First Payment Date until and including the Last Payment Date. Your payments will be for the amounts set out in the Registered Mortgage. You promise to pay the Outstanding Amount on the Balance Due Date. You can ask us to change your payment date or payment frequency at any time.

(2) If you are not in Default, we apply your payment as follows:

- (a) to pay your *HomeProtector* Insurance Premium, including any applicable sales taxes or similar taxes, if you have it;
- (b) to pay Property Taxes, if we pay them on your behalf;
- (c) to pay interest due and payable; and
- (d) to reduce the Principal Amount.

(3) If you do not keep your Promises, we may apply your payment, or any other money we receive from you, as we choose.

(4) All payments must be in Canadian dollars.

(5) If we advance all or part of the Principal Amount before the Interest Adjustment Date, you promise to pay accrued interest on the money we advance at the Interest Rate from the day we lend you the money until the Interest Adjustment Date. You promise to pay this interest on the first day of each month until the Interest Adjustment Date. If your Interest Adjustment Date is not the first day of a month, you promise to pay us interest from the first of the month until the Interest Adjustment Date.

SECTION 5 – BANK ACCOUNT FOR PAYMENTS

(1) You promise to have a deposit account at a Canadian financial institution and authorize us to withdraw from that account automatically for each payment when it is due.

(2) You will keep enough funds in the account to make each payment. You will not cancel your authorization to withdraw, or close the account without our consent.

(3) If your financial institution refuses the pre-authorized withdrawal, we will charge you for the fee your financial institution charges us. This may include situations where you do not have enough money in your account, or you closed your account.

SECTION 6 – PREPAYING A MORTGAGE BEFORE THE MATURITY DATE

6.1 Restriction

None of the following Prepayment options apply if you are in Default.

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6.2 Annual Prepayment Option

(1) Once in each twelve month period starting on the Interest Adjustment Date or the anniversary of that date, you can pay up to 10% of the Principal Amount.

(2) Subject to Section 6.2(4), you can exercise this option without notice and without paying any Prepayment charge.

(3) If you do not exercise this option in any twelve-month period, you cannot carry it over to any future twelve-month period.

(4) If you prepay more than 10% of the Principal Amount, you must pay a Prepayment charge on the **entire amount** of the Prepayment.

(5) You may at any time during the Term prepay all or some of the Outstanding Amount. If you prepay more than 10% of the Principal Amount, you promise to pay a Prepayment charge. The Prepayment charge will always be three months of interest on the amount prepaid, calculated at the *RateCapper*® Maximum Rate. You must pay back a portion of any cash back amount you received, as called for in Section 6.4, if you prepay all of the Outstanding Amount.

(6) If you renew the Mortgage before the end of the Term, you promise to pay a Prepayment charge. The Prepayment charge will be calculated in the same way as in section 6.2(5) based on the Outstanding Amount on the date of early renewal.

6.3 Increasing Payments Option

(1) You may once in each twelve-month period, starting on the Interest Adjustment Date, or the anniversary of that date, increase your payment by an amount that is not more than 10% of the principal and interest portion of what is or would be your monthly payment amount.

(2) If you do not exercise this option in any twelve-month period, you cannot carry it over to any future twelve-month period.

6.4 Incentive Program

(1) We may, at our option, offer you an incentive to give the Mortgage to us. This incentive may be cash, a gift certificate or other item having a value (for example a voucher that you may redeem at a retail store). We will tell you the value of the incentive. We will call this a "cash back amount". If you repay the Outstanding Amount before the end of the Term or if you change the Term of the Mortgage, you promise to repay a portion of the cash back amount to us. You must pay this proportionate amount in addition to any Prepayment charge.

(2) Here is how we calculate the amount you must repay:

your cash back amount divided by the number of months in the Term, times the number of months remaining in the Term (including the month in which the repayment is made).

Here is an example:

If you received a $1,000 cash back amount for a 5 year (60 months) mortgage and repay the mortgage in full after 3 years (36 months), the calculation of the amount would be as follows:

$1,000 ÷ 60 months x 24 months remaining = $400

6.5 *Double-Up*® Option

You may increase your regular payment by an amount up to 100% of the principal and interest portions of your regular payment (but not less than $100) on any payment date. This is called a "***Double-Up***". If you have a non-monthly payment frequency, the total amount of your *Double-Up* payments in any one calendar month cannot be more than the amount of principal and interest portions of what would be your monthly payment. If you do not *Double-Up*, you may not save this option to be used on a later payment date.

Here is an example of how to calculate the maximum permitted monthly *Double-Up* payments for a mortgage with non-monthly payments.

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Weekly payments = principal and interest portions of payment x 52/12

Bi-Weekly = principal and interest portions of payment x 26/12

Semi-monthly = principal and interest portions of payment x 2

6.6 General Provisions On Prepayment

(1) If you use any Prepayment option, the schedule of payment dates will not change. Your payment amounts will also not change, unless you exercised an option to increase the payment amount or unless we automatically increase your payments if your payment is not enough to pay all accrued interest due on the payment date.

(2) You promise to continue to make payments until the Outstanding Amount is paid in full.

SECTION 7 – DELAYING A PAYMENT

If you meet the conditions set out in this Section, you can *Skip-A-Payment®*, which means not making a regular payment on its payment date.

7.1 *Skip-A-Payment* Option

(1) This Section applies only if:

(a) the Term is less than 10 years;

(b) the Mortgage is not insured by CMHC (see Section 7.2 for the *Skip-A-Payment* rules for CMHC insured mortgages); and

(c) you have kept all of your Promises.

(2) *Skip-A-Payment* means not making a payment under the following conditions:

(a) Once in every 12 month period during the Term, (starting on the Interest Adjustment Date or the anniversary date of the Interest Adjustment Date) you may *Skip-A-Payment* if the interest portion of the skipped payment, plus the Outstanding Amount, is not more than the Principal Amount.

(b) You may *Skip-A-Payment* up to the amount of any *Double-Up* payments made by you. The total amount of all skipped payments must not be more than the total of your *Double-Up* payments.

(c) If you *Skip-A-Payment* you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium.

(d) The amount of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(3) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

7.2 *Skip-A-Payment* Option For CMHC-Insured Mortgages

(1) This part applies only if:

(a) the Term is less than 10 years;

(b) the Mortgage is insured by CMHC; and

(c) you have kept all of your Promises.

(2) If the "loan to value ratio" is equal to or less than 90%, you may *Skip-A-Payment* as long as the Outstanding Amount plus the interest part of the skipped payment is not more than the Principal Amount.

(a) By way of explanation, "loan to value ratio" means the ratio of the Principal Amount to the lesser of:

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(i) the price paid to buy your Property; and

(ii) the value of your Property, as we determine, on the date of the Mortgage.

(b) If the Mortgage is insured under CMHC's "95% Insurance" program or any related or successor program and the loan to value ratio is more than 90%, you may *Skip-A-Payment* only if, after having skipped the payment, the total of the Outstanding Amount plus the interest part of the skipped payment is equal to or less than 90% of the "loan to value ratio". To see whether you fit these conditions, you will need to know what the Outstanding Amount is, as a result of your repayments of principal. For example, Helen and Henry have a mortgage for a 5 year term, at a 6% interest rate, with a 20 year amortization period. Their house cost $200,000 and they borrowed $190,000 under the mortgage. Helen and Henry want to *Skip-A-Payment* in their first year as homeowners and in the fourth year. Can they do so? Follow the calculations:

	Year 1	**Year 4**
Principal Amount	$190,000	$190,000
Value of Property	$200,000	$200,000
Principal Amount repaid	$5,130	$22,400
Outstanding Amount	$184,870	$167,580
Interest part of skipped payment	$1,115	$1,105
Total Outstanding Amount plus Interest part of skipped payment	$185,985	$168,685
Ratio of Total Outstanding Amount plus Interest part of skipped payment to Principal Amount	**98%**	**89%**
	So they cannot *Skip-A-Payment* because of a ratio of more than 90%	**So they can *Skip-A-Payment* because of a ratio of less than 90%**

(c) You may not *Skip-A-Payment* if, as a result of the skipped payment, the original amortization period of the Mortgage would be extended or you have skipped the equivalent of four monthly payments at any time during the Term and you have not yet repaid them.

(d) When you *Skip-A-Payment* under this Part, you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium. The amount of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(e) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

SECTION 8 – MOVING THE MORTGAGE

8.1 Your Choices

(1) If you sell your Property, and you are not in Default, you can either move the Mortgage to your new property or the person who buys your Property can apply to assume the Mortgage by doing what is required by Section 9. You cannot do both – you must decide.

(2) You can only exercise the option to move the Mortgage to your new property within 90 days after the sale of your Property.

(3) To move the Mortgage to your new property, you must:

(a) meet our mortgage approval criteria;

(b) sign or authorize a new mortgage; and

(c) pay any processing and administration fees, legal costs and property valuation fees, and any other expenses we incur.

(4) If the new principal amount is the same or less than the Outstanding Amount when you sell your Property, the Interest Rate will apply to your new mortgage. The maturity date for the new mortgage will be the same as the Balance Due Date.

(5) If your new principal amount is less than the Outstanding Amount when you sell your Property, you must pay us:

(a) the difference between your new principal amount and the Outstanding Amount, and

(b) the Prepayment charge that applies to the difference.

(6) If your new principal amount is more than the Outstanding Amount, the *RateCapper* maximum rate for your new *RateCapper* Mortgage will be a rate that blends the *RateCapper* Maximum Rate and the *RateCapper* maximum rate we offer at that time. We will tell you the new blended rate.

The following is an example of how we would blend the rates if you move a *RateCapper* Mortgage to your new property.

Example of Blended Rate Calculation

(a)	**Details of Existing Mortgage**	
	outstanding amount	$200,000
	RateCapper maximum rate	9.000%
(b)	**New Mortgage**	
	additional funds requested	$100,000
	principal amount of new mortgage	$300,000
	current *RateCapper* maximum rate	6.000%
	Blended Rate Calculation:	
	(a) 200,00 X 9.000%	= $18,000
	(b) $100,000 X 6.000%	= $6,000
	total of (a) & (b)	$24,000
	total of (a) & (b)	$24,000 X 100%
	Divided by amount of new mortgage	$300,000
	Equals the blended *RateCapper* maximum rate	8.000%

(7) You must pay the applicable Prepayment charge and any cash back amount owing under Section 6.4 when you sell your Property, but if you give us a first mortgage on your new property within ninety days of the sale, we will refund all or part of the Prepayment charge (depending on the amount of the new mortgage and if you meet the conditions above). We will not refund the cash back amount repaid.

(8) If you wish to move the Mortgage and the Mortgage has mortgage default insurance, ask us to see if the mortgage default insurance can also be moved. You should also ask if you can move your *HomeProtector* insurance.

SECTION 9 – DUE ON SALE, ASSUMPTION OF MORTGAGE AND RELEASE OF OBLIGATIONS

(1) You must still keep your Promises even if you sell your Property.

(2) If you either agree to, or actually do, transfer your interest in your Property, either directly or indirectly, to a new owner without our approval, at our option the Outstanding Amount will immediately become due and payable in full and you will be required to pay the applicable Prepayment charge on the Outstanding Amount.

(3) If we accept payment from the new owner even though we did not approve the new owner, it will not mean that we have approved the transfer or that we have given up our right to require you to pay the Outstanding Amount.

(4) You must give us any information we ask for, to allow us to decide whether or not we want to give our approval. We will review that information and will tell you what we decide.

(5) We may set certain requirements that you and the new owner must meet as a condition of our approval. Our conditions will include the new owner signing our form of assumption agreement.

(6) Even if you sell the Property or transfer your interests, or we make any new agreement with the new owner with respect to any of the terms and conditions of the Mortgage, or if we accept payments from the new owner that will not affect our rights against you or any Guarantor, unless we decide, at our discretion that we will release you from your Promises. If we do not release you, you must still keep your Promises. You agree that we can renew or change the terms of the Mortgage in an agreement with the new owner, and that you will still have to keep the Promises, even though the Mortgage has been renewed or its terms have changed without your knowledge or consent.

SECTION 10 - RENEWAL OR AMENDING AGREEMENTS

(1) If we send you a mortgage renewal agreement and you do not sign and return it to us before the date required, the Mortgage will be renewed on the terms we indicate in the mortgage renewal agreement.

(2) We may agree with you to change any of the terms of the Mortgage. We call this amending the Mortgage. If we do, you will still have to keep all your Promises.

(3) The Mortgage, as renewed or amended, will continue to have the same priority. For the purposes of Section 10 of the *Interest Act* (Canada), the date of the Mortgage will be the date the mortgage renewal or amendment takes effect.

SECTION 11 – ADDITIONAL AMOUNTS

(1) If you have paid part of the Principal Amount, we may if we want to and if you meet our requirements, allow you to borrow additional amounts up to a maximum of the difference between the Outstanding Amount and the Principal Amount. If we allow you to borrow any additional amounts, all amounts borrowed will be secured by the Mortgage, in the same priority, and will bear interest at the interest rate that applies to the Mortgage at that time.

(2) If we let you borrow additional amounts, whenever this document refers to the Outstanding Amount, it will refer to all amounts owing, including all additional amounts.

(3) The new *RateCapper* maximum rate will be a blended rate.

SECTION 12 – WE DO NOT HAVE TO MAKE ADVANCES

(1) We do not have to advance or re-advance all or any part of the Principal Amount to you, if we decide not to, even though:

- (a) you have signed the Mortgage or authorized its registration;
- (b) the Mortgage is registered in the land registry office; or
- (c) we have advanced part of the Principal Amount.

(2) We may deduct from any advance:

- (a) any Property Taxes that are due;
- (b) any interest that is due and payable on the date of the advance; and
- (c) any mortgage default insurance premium and application fees.

SECTION 13 – YOUR PROMISES

13.1 Your Property Tax Promises

(1) You promise to pay to us, if we require you to do so:

- (i) on each payment date the amount of money that we estimate will be enough to permit us to pay Property Taxes when they are due; and
- (ii) the balance owing in addition to the money you have already paid towards Property Taxes so that we can pay the Property Taxes in full.

(2) You promise to pay to us on each payment date one-twelfth of the amount we estimate will be required to provide enough money to pay all Property Taxes for the calendar year. We may re-estimate this amount from time to time. You agree to pay any additional amounts required because of this re-estimate.

(3) If you do not keep your Promises, any payments you make for Property Taxes may, at our option, be applied to pay the Outstanding Amount.

(4) As long as we require you to make Property Tax payments, and as long as you have kept your Promises, we will forward the amount required to pay Property Taxes to the local government as they fall due or at any time we choose. If the amount in the tax account is not enough to pay Property Taxes, we may advance amounts to the tax account to cover the shortfall or add the amount of the shortfall in the tax account to the Outstanding Amount. If you are sent a Property Tax notice, you must send it to us. If you do not send the notice to us and extra charges are imposed for Property Taxes, you must pay those charges. We are not responsible for any extra charges imposed because we did not receive a notice.

(5) We will charge you interest on any shortfall in the tax account at the Interest Rate. If you have a surplus in the tax account, we will pay you interest on that surplus at a rate that we choose.

(6) If at any time the Property Taxes we have paid exceed the amount you have paid us for Property Taxes, or we have to pay any fees because we have paid the Property Taxes on your behalf, we may immediately demand that you pay the shortfall to us. If you do not pay, we will add the shortfall to the Outstanding Amount.

(7) We may decide not to require you to make payments of Property Taxes through us. In that case, you agree to pay all Property Taxes on your Property as they fall due and will give us acceptable evidence, when we ask, that you have paid them.

13.2 Your Other Promises

(1) You also promise:

To pay all of our costs and expenses, including all legal fees, on a full indemnification basis, to

- (i) Prepare the Registered Mortgage, including all necessary steps to advance and secure the Principal Amount, investigate title, pay a title insurance premium, register the Mortgage and to report to us;
- (ii) Collect the Outstanding Amount;
- (iii) Enforce the terms of the Mortgage, including efforts to make you keep your Promises;
- (iv) Do anything which you promised to do but did not do; and
- (v) Prepare and give you a discharge of the Mortgage when you have paid all amounts owing under the Mortgage, as required by the Mortgage.

(2) You promise to comply with all laws and orders applicable to the Property, including those concerning zoning, land-use and environmental protection.

(3) You agree that we may add any expenses and costs that we pay to the Outstanding Amount if you do not pay them.

SECTION 14 – YOU CONFIRM

In return for our agreeing to lend the Principal Amount to you, you promise and confirm that:

(a) You own your Property, you have the right to give the Mortgage and you mortgage your entire interest to us.

(b) The Mortgage is given to secure repayment of the Outstanding Amount and to ensure that you keep all your Promises. You release all claims on your Property to us, until all amounts owing under the Mortgage have been repaid as required by the Mortgage and you have kept your other Promises.

(c) You will pay all of the Outstanding Amount to us and keep all of your other Promises, as provided in the Mortgage.

(d) There are no limitations or restrictions on your title to your Property, except those disclosed to us in writing and that we approved.

(e) Your title to your Property is subject only to:

  (i) Those interests filed in the land registry office at the time you give us the Mortgage; and

  (ii) Any unregistered interests we have approved.

(f) As far as you know, no part of your Property or of any adjoining land is, has ever been or will in the future be used to manufacture, store or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders. No part of your Property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of, or adversely affect the sale of, your Property.

(g) You will, at your own expense, sign any documents and do anything we ask to ensure that all your interest in your Property has been mortgaged to us and that the Outstanding Amount is adequately secured by your Property.

SECTION 15 – OUR RIGHTS

15.1 Approval and Consent

Whenever this Mortgage talks about "approval" or a "consent", we mean approval or consent in writing, given by us before you act.

15.2 Money we Spend

We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate from the date that we spend the money until fully paid and will be secured by the Mortgage with the same priority. It shall be immediately due and payable to us.

15.3 Additional Interests in Property

By the Mortgage you grant and mortgage any additional or greater interest in your Property that you may later acquire.

15.4 Other Security

If you have mortgaged, charged or given us a security interest in anything else to better secure payment of the Outstanding Amount ("**Other Security**"), we may take legal proceedings under any of the Other Security in any order that we choose and at the same time as we are enforcing our rights under the Mortgage. If we get a judgment from the court, or recover any money under the Other Security, this will not affect our rights to enforce our rights under the Mortgage.

15.5 Consolidation

Our right of consolidation applies to the Mortgage and to any other mortgages given by you to us. This means that if you have mortgaged other property to us you will not have the right, after Default, to pay off the Mortgage or any mortgage of other property unless you pay us the money owed by you under the Mortgage and the Other Security.

SECTION 16 – PAYING OFF CLAIMS OR LIENS

(1) You promise not to allow any construction lien to remain undischarged on the title to your Property for more than 30 days, unless you:

(a) diligently dispute the validity of the construction lien by taking all necessary legal steps to do so;

(b) give us reasonable security by depositing money, bonds or other types of security acceptable to us (the "Security") to pay the construction lien and associated legal costs in full, including our legal costs on a full indemnification basis; and

(c) authorize us to use the Security to pay the construction lien and any of our legal costs on a full indemnification basis and those of the lien claimant in full, if the construction lien is found to be valid.

(2) We can pay off the claims of other creditors, who have an interest in your Property. These may include construction liens and other liens, government claims or encumbrances. If we pay off a claim you will pay the amount to us when we ask. Any amount we pay to the other creditor that you do not repay will be added to the Outstanding Amount. We can, if we think it is necessary, pay off any mortgages, charges, interests, claims or liens that have priority over the Mortgage, including realty taxes, utility charges, construction liens, or any amounts payable to a condominium corporation.

(3) Once we have paid off any such claims we are entitled to all the rights, equities and securities of the creditor. We can retain any discharge, if we need to.

(4) You promise to pay any money which, if not paid, would result in a default under any mortgage or claim that legally ranks before the Mortgage or that may result in the sale of your Property if not paid.

(5) You promise to pay and cause to be discharged any other mortgages, charges, liens, security interests, claims or other interests that we are not willing to have remain on your Property.

SECTION 17 – PROPERTY INSPECTIONS

(1) We may at any reasonable time inspect your Property, including the buildings.

(2) If the Mortgage has mortgage default insurance, the Mortgage Default Insurer and its agents can also inspect your Property.

(3) Inspections may include environmental testing, site assessments, investigations and studies.

(4) You promise to pay for the costs of the inspection including any tests or studies.

(5) If you do not pay our costs, we may add the costs to the Outstanding Amount.

(6) If we do conduct an inspection, we will not be considered to be in possession or control of, or managing, your Property.

SECTION 18 – ADVANCES OF MONEY FOR CONSTRUCTION MORTGAGES

(1) If the money we loaned is to be used to pay for any construction, alteration or addition on your Property, we may make advances of the Principal Amount to you based on the progress of construction.

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(2) We will decide whether or not any advances will be made, the amount of the advances and when they will be made.

(3) Subject to Section 12, we may make advances to you based on how much of the construction, alteration or addition has been completed and the amount of money you need to complete.

(4) We may retain funds from any advance until we are completely satisfied that the holdback provisions of the *Construction Lien Act* (Ontario) have been complied with.

(5) If this Mortgage is a construction mortgage, we may require that accrued interest on progress advances from the date of these advances be paid in monthly instalments starting on the first day of the next month after the first advance, and on the first day of each following month. The balance of the interest must be paid on the Interest Adjustment Date. Interest will be payable at the Interest Rate and calculated daily. We may, if we want to, retain accrued interest out of the proceeds of each advance of the Mortgage. If the Principal Amount is not advanced in full on the Interest Adjustment Date, the Interest Adjustment Date will change to the date of the final advance. This means the Last Payment Date and Balance Due Date will also change. If the final advance is not made within 12 months of the first advance, we will automatically set your Interest Adjustment Date to a date that is 12 months from the date of the first advance and the Term will start.

SECTION 19 – SAFEGUARDING THE VALUE OF YOUR PROPERTY

You promise

(1) To keep all of the buildings and improvements on your Property in a good condition and state of repair and to repair them as we require. If you do not make the repairs when we ask, we can make whatever repairs we think are needed. You must immediately pay the costs of any repairs we make and of any inspections. If you do not pay those costs, we will add them to the Outstanding Amount.

(2) You will not tear down any building or structure, or part of any building or structure, on your Property without our approval.

(3) You will not do, or let anyone else do, anything that may reduce the value of your Property.

(4) You will not construct, alter or add to any buildings or improvements on your Property without our consent, and if the Mortgage is insured by a Mortgage Default Insurer, without its consent. Any construction or renovation must meet all applicable construction standards, building codes and municipal or governmental requirements. You must build or renovate using only new materials and according to the plans and specifications we have approved and if the Mortgage is insured by a Mortgage Default Insurer, it must approve the plans and specifications.

(5) You will provide us, and any Mortgage Default Insurer, with any information or material, such as plans, specifications, building permits, insurance and like information, as required to decide whether to give approval or not.

(6) We and any Mortgage Default Insurer, may set certain requirements which you must comply with as a condition of giving approval.

(7) Once we and any Mortgage Default Insurer have given approval you will only then demolish, make such alterations, additions or improvements in accordance with the approved plans and specifications and all applicable construction standards, building codes and municipal or other government requirements and you will complete the work as quickly as possible.

(8) You authorize us or, if your Mortgage is insured, the Mortgage Default Insurer, to enter your Property at all reasonable times to inspect and repair, but we will not be considered to be in possession or control of the Property by exercising this right.

SECTION 20 – WITHHOLDING TAXES

(1) If you are not a Canadian resident for income tax purposes, the country where or in which you are a resident for income tax purposes may charge a withholding tax on the interest portion of your payment to us. We must receive interest payments free and clear of any withholding tax.

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(2) You are responsible for paying any withholding tax. If you must pay withholding tax, you promise to remit the withholding tax to the tax authority of the country of which you are a tax resident. You promise to give to us the withholding tax receipt issued by the foreign tax authority as proof you paid the withholding tax.

If you do not pay the withholding tax and the foreign tax authority makes us pay it, you promise to pay the withholding tax to us when we ask for it. If you do not pay it to us, the amount will be added to the Outstanding Amount. In some circumstances, we may tell you that we will collect and remit the withholding tax on your behalf. If we tell you this, we will remit the withholding tax to the foreign tax authority from the interest we collect.

SECTION 21 – INSURANCE

(1) You promise to maintain adequate insurance on your Property until the Outstanding Amount has been repaid in full.

(2) You promise, if we ask, to give us certified copies of the insurance policy and evidence of its renewal not less than 15 days before the policy expires.

(3) The insurance must be with a licensed insurance company and must be for the full replacement value of your Property in Canadian dollars. The insurance policy must contain mortgage clauses approved by The Insurance Bureau of Canada. These clauses must provide that loss proceeds are payable to us first, and we have the first right to receive and to have a first lien on the loss proceeds. You must also assign your insurance policy to us.

(4) The insurance policy must protect against the following risks: fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke and falling objects.

(5) We may also require that other risks be covered, depending on the nature or location of the Property.

(6) The insurance policy must cover all buildings on your Property, whether before, during or after construction, and all fixtures attached to the buildings.

(7) We can, if we want to, place and pay for any insurance policy if you fail to do so. Any money which we pay for insurance will be immediately payable by you to us, and will be added to the Outstanding Amount if not paid.

(8) If any loss or damage occurs, you promise, at your expense, to immediately do everything necessary to allow us to receive the insurance proceeds.

(9) Production of the Mortgage will be sufficient authority for the insurance company to pay proceeds to us and the insurance company is directed to pay the proceeds to us.

(10) Insurance proceeds may, at our option, in whole or in part be:

- (i) used to repair or rebuild your Property;
- (ii) used to repay any part of the Outstanding Amount, whether due or not, and any Prepayment charge on the amount repaid; or
- (iii) paid to you.

SECTION 22 – ENFORCING OUR RIGHTS

22.1 Defaults

A Default occurs if

- (a) You do not make any payment when required;
- (b) You do not keep any of your Promises;
- (c) You become insolvent or bankrupt; or
- (d) Your Property is abandoned or is left unoccupied so your insurance policy could be cancelled.

Not keeping your Promises includes breaking or not keeping any of your Promises in any way.

22.2 Consequences of a Default

If a Default occurs we can, if we wish, do any one or more of the following, in any order that we want:

(a) ***Demand Payment*** – demand that you immediately pay the Outstanding Amount.

(b) ***Sue You*** – take action in court to make you pay the Outstanding Amount or make you keep your Promises.

(c) ***Lease Your Property*** – if Default continues for 15 days, we may, on 15 days notice to you, enter on and lease your Property. We may apply the net rent to reduce any part of the Outstanding Amount. If the net rent is not sufficient to pay the Outstanding Amount in full, you must pay us the difference.

(d) ***Sell Your Property*** – if Default has continued for 15 days, we may enter your Property and, on at least 35 days prior written notice to you and any other party entitled to notice as required by Part III of the *Mortgages Act* (Ontario), sell your Property or any part of your Property. We can sell by public auction or private sale, or partly by one way and partly by the other. You agree we may sell all or part of your Property for cash or on credit, or partly for cash and partly on credit, and otherwise on whatever terms we negotiate. If we sell on credit, we will not be required to reduce the Outstanding Amount, or pay any sale proceeds to you in any situation where you are entitled at law to receive them, until we receive payment of the Outstanding Amount. We may also buy your Property ourselves, or terminate or amend any agreement we enter into for the sale of your Property and resell if we decide to do so. After we sell your Property under power of sale, we will use the money we receive from the sale to pay:

  (i) any amounts required to be paid to any party with a higher right in your Property than us;

  (ii) any auctioneer's fees or real estate agent's commission;

  (iii) all adjustments usually made on the sale of property;

  (iv) all of our expenses and costs as described in Section 22.4;

  (v) the Outstanding Amount;

  (vi) any amounts owed to any party holding a mortgage, lien or other security on your Property with a lower priority to the Mortgage; and

  (vii) any surplus to you.

We may make these payments in any order we want to.

After payment of the amounts referred to in paragraphs (i) to (iv) above, if the remaining money is not enough to pay all the Outstanding Amount, you promise to pay the remaining unpaid Outstanding Amount to us on written demand to do so.

(e) ***Court Sale*** – apply to the court for an order for the sale of your Property under the supervision of the court. If the net proceeds of sale are not enough to pay the Outstanding Amount, you promise to pay us the remaining unpaid Outstanding Amount to us on written demand to do so;

(f) ***Foreclose*** – apply to the court to foreclose your interest in your Property, so that when the court makes its final order of foreclosure, all your interest in your Property will be absolutely transferred to, and belong to, us and you will no longer have any interest in your Property;

(g) ***Appoint a Receiver*** –appoint a receiver (which includes a receiver and manager) to collect any income from your Property or take any other action with respect to your Property which we could take. We will appoint a receiver by written notice to you. The receiver will be your agent, not ours, and you alone will be responsible for all of the receiver's acts or omissions. We will not be accountable for any money received by the receiver, except to the extent that we actually receive the money. The receiver may use every available remedy that we have under the Mortgage, including collecting income from your Property, taking possession of all or part of your Property, managing your Property, keeping your Property in good condition, finishing any buildings under construction on your Property, leasing your Property and selling your Property. From the income collected from your Property, or the proceeds of the sale of your Property, the receiver will pay:

(i) all rents, taxes, rates, insurance premiums and other expenses required to keep your Property in good condition;

(ii) all amounts required to keep any encumbrances ranking in priority to the Mortgage in good standing;

(iii) its own compensation as receiver;

(iv) all costs with respect to any leasing or sale of your Property; and

(v) any part of or all of the Outstanding Amount, whether it is due or not, together with any Prepayment charge.

(h) ***Take Possession*** –take possession of your Property, without any interference by you or anyone else living on your Property, and free from any other mortgages, charges, liens or easements, limitations or restrictions that we did not approve. If we take possession, we can ask you to leave your Property with all your belongings. If you do not leave, the court will order you to leave and if you refuse, the court will have you forcibly removed. Once in possession, we may do anything we consider necessary to:

(i) inspect, collect rents, manage or lease your Property;

(ii) complete the construction of any building on your Property;

(iii) repair any building on your Property; or

(iv) take any other action permitted under the Mortgage or by law.

If we take possession, we will not be responsible for maintaining and preserving your Property. We will only account to you for any money we actually receive in connection with the Mortgage or your Property.

(i) ***Other Action*** – take any other necessary action to take, recover and keep possession of your Property.

(j) ***Non-interference*** – if we take possession of your Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your Property may be leased or sold, and you will not make any claim against any person to whom your Property may be leased or sold.

22.3 Remedies after a Court Order

Even if we obtain judgment against you,

(1) We may continue to use the remedies described in Section 22.2 to make you keep your Promises; and

(2) We will be entitled to continue to receive interest and compound interest at the Interest Rate on the Outstanding Amount until the judgment is paid in full.

22.4 Our Expenses

(1) You promise to pay us all reasonable expenses and costs we incur to enforce the Mortgage or exercise any of our rights under the Mortgage.

(2) Expenses and costs will include our costs of taking and keeping possession of your Property, any costs of repairs or improvements to your Property, legal fees and disbursements on a full indemnification basis and all other costs and expenses we incur to protect our interests.

(3) These expenses and costs will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate until fully paid and will be secured by the Mortgage, in the same priority.

22.5 Bonus on Default

(1) If you default in any payment, we require you to pay a charge equal to three (3) months interest in advance at the Interest Rate on the Outstanding Amount.

(2) You cannot get a discharge of the Mortgage without making this payment or giving us three (3) months' prior written notice that you will be paying the Outstanding Amount, as required by law, and paying the Outstanding Amount on the date stated in the notice.

22.6 Delay in Enforcing our Rights

If you Default, and we do not exercise any of our rights or do not ask you to remedy the Default, we are not prevented from making you remedy the Default later or exercising any of our rights in connection with the Default later or any other Default.

SECTION 23 – DISCHARGE

(1) **Full Discharge** – We will discharge the Mortgage when:

- (a) You have paid all amounts owing as and when required under the Mortgage, including any Prepayment charge;
- (b) You have kept all other Promises under the Mortgage; and
- (c) You have paid our fee and costs to prepare and register the discharge.

(2) If we fully discharge the Mortgage we will no longer be entitled to enforce our rights under the Mortgage. We will not give you notice if we intend to discharge the Mortgage.

(3) We will prepare the discharge and register it, if we want to. If we register the discharge, we will send you a letter telling you it has been registered. You will pay us the administration fee that we charge when a mortgage is paid in full. If we register the discharge, you will also pay the registration costs.

(4) Partial Discharge

- (a) We may release our interest in all or any part of your Property, if we wish. We can do this whether or not we receive any money. We will only be accountable to you for money we actually receive. If we receive money, we will apply it to what you owe us, including the applicable Prepayment charge.
- (b) If we release our interest in part of your Property, the part remaining will continue to secure the Outstanding Amount. If we release part of your Property, your Promises, as well as the Promises of any Guarantor, will continue unchanged.

SECTION 24 – RENTING YOUR PROPERTY

(1) You promise that you will occupy your Property. If you want to rent, lease or enter into any form of tenancy agreement covering all or any part of your Property, you promise to get our prior consent. We may refuse to give it, at our option.

(2) If you have told us that your Property is, or will be, used only as an owner-occupied residential property, you confirm that no part of your Property is rented or occupied by a tenant.

(3) If you do not keep any of these Promises, at our option, the Outstanding Amount will immediately become due and payable and we will be entitled to enforce any of our rights.

(4) In this case, we can pay any amount we think is needed to any tenant, to obtain the co-operation of the tenant in selling your Property, showing your Property and obtaining possession of your Property or any part of your Property from the tenant. You agree that any amount we pay to a tenant will be added to the Outstanding Amount.

(5) Nothing we do under this Section 24 will put us in possession, control or management of your Property and we are not obliged to collect any rent or income from your Property, or comply with any terms of any lease or agreement.

(6) If you rent all or any part of your Property without our approval, we will have the same rights and remedies as if you had tried to discourage us from taking possession of your Property if you had defaulted under the Mortgage or adversely affected the value of your Property within the meaning of Section 52(1) of the *Mortgages Act* (Ontario).

(7) If you rent your Property with our consent, you assign to us:

- (a) All leases, lease agreements and their renewals, whether current or future;
- (b) All rents payable under the leases and lease agreements; and
- (c) All rights under the leases or lease agreements that affect your Property.

SECTION 25 – ENFORCING OUR RIGHTS

If you do not keep your Promises, then at our option

(1) The Outstanding Amount will immediately become due and payable, together with any Prepayment charge and a portion of any cash back amount that you promise to repay, as explained in Section 6.4; and

(2) We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount. It will be immediately due and payable will bear interest at the Interest Rate until fully paid to us and will be secured by the Mortgage, in the same priority.

SECTION 26 – CONDOMINIUM MORTGAGES

(1) If your Property is a condominium unit, you promise to meet these obligations, in addition to your other Promises under the Mortgage:

- (a) You must comply with the *Condominium Act* (Ontario), and the declaration, by-laws and rules of the condominium corporation. We may ask you to provide proof of compliance.
- (b) You must pay the common expenses for your Property to the condominium corporation on the due dates. We may ask you to provide proof of payment.
- (c) We have the right to give you notice that we will collect your contribution to the common expenses from you and you agree to make that payment. We can accept a statement from the condominium corporation as conclusive evidence of how much is owed for common expenses and when it must be paid.
- (d) You will forward to us any notices or assessments from the condominium corporation.
- (e) You must maintain in good condition and state of repair all improvements made to your Property.
- (f) You must repair your Property after damage.
- (g) You must ensure that the condominium corporation complies fully with:
    - (i) The terms of all insurance policies on the condominium;
    - (ii) All obligations imposed by the *Condominium Act* (Ontario);
    - (iii) The by-laws of the condominium corporation; and
    - (iv) The insurance provisions of the declaration of the condominium corporation.
- (h) You must carry adequate insurance. This means you must insure all improvements made to your Property. The insurance policy must cover your Property against destruction or damage by fire and by other perils usually covered in fire insurance policies, as well as those perils listed in Section 21(4) of the Mortgage. You must obtain insurance for any additional risks that we require.
- (i) The policy must cover your Property for its full replacement cost: this means the maximum amount for which it can be insured.

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(j) You must insure the common or other interest in both planned and existing buildings, which form part of the condominium property if the condominium corporation fails to insure them.

(k) You must assign your insurance policies to us. As far as it is legal to do so, you must assign your interest in any insurance policies held by the condominium corporation.

(l) You must provide us with proof that the insurance for the condominium corporation and your insurance is in force. If the policy is renewed or replaced, you must inform us at least thirty days before the insurance expires.

(m) You must do everything that is necessary to collect any insurance proceeds.

(n) (i) You authorize us, in your name and on your behalf, at all times, to exercise your rights under the *Condominium Act* (Ontario) to vote at any meeting of the condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the property or assets of the condominium corporation. This authorization includes voting on or any consent to the termination of the condominium corporation;

(ii) In exercising these rights, we can choose to not vote or consent at any particular time or on any particular issue;

(iii) If we do vote or consent for you, we do not as a result become a mortgagee in possession. We are not responsible to protect your interests. We are also not responsible for the way we vote or consent, or if we fail to do so;

(iv) We can, if we wish, give notice to you and the condominium corporation at any time that we do not intend to exercise our right to vote or consent and, until we revoke this notice, you may vote or consent. Any notice we may give may be for an indeterminate or limited period of time, or for a specific meeting or matter.

(o) If we wish, the Outstanding Amount will become payable immediately if:

(i) the governing of your Property by the condominium corporation under the *Condominium Act* (Ontario) is terminated. This means your Property is no longer part of a condominium;

(ii) a vote of the unit owners authorizes the sale of all or any material part of the property of the condominium corporation, including a material part of its common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act* (Ontario), or the declaration, by-laws or rules and regulations of the condominium corporation;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against, for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

SECTION 27 – LEASEHOLD MORTGAGES

(1) If you rent or lease your Property from someone else, you certify that:

(a) You lease your Property under a valid lease, you have given us a copy of that lease and you have good leasehold title to your Property;

(b) You have paid all rents and other payments required under the lease and you have kept all of your other promises in the lease, up to the date you sign or authorize the Mortgage;

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(c) You either have the consent of your landlord to the Mortgage, or you have the right to charge your interest in the lease to us, without consent; and

(d) There are no limitations on your interest in the lease except for any set out in the lease, or restrictions registered in the land registry office.

(2) From now on, you promise that:

(a) You will pay rents and other payments required by the lease when due;

(b) You will do everything you are required to do under the lease;

(c) You will not surrender the lease or cause it to be terminated;

(d) You will not make any change in the lease without our approval;

(e) You will immediately give us a copy of any notice or demand you receive about the lease;

(f) You will, at your expense, do anything that we think necessary to ensure that all your interest in your Property and in the lease is covered by the Mortgage and that the Outstanding Amount is adequately secured.

(g) If you default under the lease, and we have to pay anyone else, as required by law or to protect our security, you will pay us back. If you do not pay us back, the amount we paid will be added to the Outstanding Amount;

(h) You will hold the last day of the term of the lease or of any renewal term in trust for us and will only deal with it as we require. At our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal;

(i) We may remove you or any other person as trustee of this trust and appoint a new trustee;

(j) You must not let any renewal or other options lapse. Unless we tell you otherwise, you should renew the lease or exercise any other option so that the lease will continue as long as the Mortgage is outstanding, and provide us with evidence as we may require;

(k) If you subsequently buy the Property from the owner, the Mortgage will automatically become a Mortgage on the entire interest in the Property, as if you had owned Property at the time that we advanced you the Principal Amount. If we ask, you agree to re-mortgage and charge your interest in your Property to us, and to execute or authorize a mortgage and any other documents we ask;

(l) If you fail to keep any of your promises under the lease, we can treat that as if you had defaulted under the Mortgage and we can exercise our rights under Section 22;

(m) If we enforce our rights under the Mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in your Property; and

(n) You irrevocably appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal, and transfer your interest in your Property. This is a right coupled with an interest.

SECTION 28 – EXPROPRIATION

(1) If your entire Property is expropriated, the Outstanding Amount will immediately become due and payable, together with any applicable Prepayment charge.

(2) If only a part of your Property is expropriated, you promise to pay to us the amount you are awarded for the partial expropriation and we will credit it to any Prepayment charge applicable to that amount and to the Outstanding Amount.

(3) If we consider that the remainder of your Property is not adequate security for the Outstanding Amount, then the Outstanding Amount, or the part of the Outstanding Amount as we decide, will immediately become due and payable together with the Prepayment charge applicable to that amount.

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(4) Any amount you pay us because of an expropriation must include the Prepayment charge applicable to that amount.

SECTION 29 – GUARANTEE

(1) In this Section the term "Borrower" means the person we loaned money to and who gave us the Mortgage.

(2) In return for us having made a loan to the Borrower, each person who signs the Registered Mortgage as "Guarantor" agrees with us, as a principal debtor and not as a surety, to pay us the Principal Amount and all other amounts secured by this Mortgage, together with interest at the Interest Rate on the days and at the times the Borrower is required to pay them under the Mortgage and to observe and keep all of the Borrower's other Promises under the Mortgage, without our having to ask the Guarantor to do so.

(3) Each Guarantor, if there is more than one, will be jointly and severally liable with each other and with the Borrower for keeping all the Promises. This means that if there are 2 or more Guarantors, each is collectively and individually liable with each other and with the Borrower for keeping all the Promises.

(4) We may at any time and from time to time do the following without the consent of, or notice to, any Guarantor:

(a) give extensions of the time to pay any amount owing under the Mortgage or the keeping of any other Promises or waive the Borrower's obligation to keep any particular Promise;

(b) give extensions of the Term, including any renewals of the Mortgage or its Term for further periods of time, whether any extension or renewal is by way of a written agreement with the Borrower or otherwise;

(c) increase or decrease the Interest Rate, either during the Term or any renewal or extension period of the Mortgage;

(d) release the whole or any part of the Borrower's Property from the Mortgage;

(e) waive any provisions of the Mortgage or change any terms or conditions of the Mortgage at any time during the Term, or during any future extension or renewal period;

(f) shorten or lengthen the amortization period of the Mortgage;

(g) advance and re-advance amounts of Principal Amount to the Borrower;

(h) permit any prepayment of Principal Amount, the skipping of any payment or the making of multiple payments by the Borrower, whether or not these payments are allowed under the Mortgage; and

(i) release any Guarantor from any promise made in this Section or release the Borrower or any future owner of the Property from any Promise made in the Mortgage;

without in any way affecting the guarantee or the obligations of any Guarantor. The obligations of the Guarantor under this guarantee will extend to and include the Promises of the Borrower as so amended, renewed, extended, varied or waived.

(5) We may require any Guarantor to make a payment or keep any Promise from any Guarantor before we try to get the Borrower to make the payment or keep any Promise.

(6) The Guarantor's promises and obligations under this guarantee will not be affected by any of the following:

(a) the Borrower's or any Guarantor's disability, incapacity or death;

(b) any invalidity in the Mortgage or Promises of the Borrower;

(c) any release of Promises, except if the Outstanding Amounts are paid in full, including any Prepayment charge;

(d) our getting a court order against the Borrower, or our taking any steps to realize on the Mortgage (or not taking any steps), or by our exercising any remedy against the Borrower or the Borrower's assets;

(e) any law which might affect any terms of the Mortgage or this guarantee, or the Borrower or the Guarantor;

(f) any failure by us to enforce our rights under the Mortgage or Other Security; and

(g) any other fact or occurrence which may change the Guarantor's risk, or might constitute a discharge of the Guarantor.

(7) Until the Borrower has kept all of the Borrower's Promises, including paying everything the Borrower owes us, the Guarantor will not have any guarantee rights and the Guarantor agrees not to ask for reimbursement from the Borrower until such time.

(8) The Guarantor acknowledges having received a copy of the Mortgage.

(9) All obligations of any Guarantor will also be those of the Guarantor's heirs, executors, administrators, personal representatives, successors and assigns and will not be altered by the insolvency or bankruptcy of any Borrower or Guarantor.

(10) The Guarantor's liabilities and obligations under this Guarantee are absolute and unconditional in all circumstances.

SECTION 30 – ADMINISTRATION FEES

You promise to pay to us, when we ask, our administration and processing fees we charge at that time to prepare an assumption statement, information statement, payout statement amending or other agreement, a transfer of the Mortgage, or any fees referred to in Section 23. If you do not pay a fee it will be added to the Outstanding Amount. Interest at the Interest Rate will be charged on these unpaid fees.

SECTION 31 – APPLICABLE LEGISLATION

31.1 Statutory Covenants Replaced

The *Land Registration Reform Act* sets out certain covenants in Section 7(1). These covenants are excluded from the Mortgage and replaced with your Promises.

31.2 Ontario New Home Warranties Act

If the *Ontario New Home Warranties Plan Act* applies to your Property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

31.3 National Housing Act

If the Mortgage is insured by CMHC the Mortgage is made under the *National Housing Act*.

31.4 Spousal Consent

Your spouse, by signing the Mortgage, consents to the Mortgage and releases all interest in the Property to the extent necessary to give effect to our rights under the Mortgage. Your spouse also agrees that we may, without further notice, deal with the Property and the debt created by the Mortgage as we wish.

SECTION 32 – WHO IS BOUND BY THE MORTGAGE

(1) Not only are you bound by everything, in the Mortgage, but also your heirs, executors, administrators, personal representatives, successors and assigns, and anybody else to whom your Property is transferred are bound.

(2) If more than one person signs or authorizes the Mortgage as Borrower, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(3) If more than one person signs or authorizes the Mortgage as Guarantor or signs or authorizes a guarantee of the Mortgage, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(4) By way of explanation, the term "jointly and severally" means that if there is more than 1 person signing or authorizing the Mortgage as Borrower or as Guarantor, each is collectively and individually liable with all other persons signing or authorizing for keeping all the Promises.

SECTION 33 – INTERPRETATION

33.1 Partial Invalidity

If any provision of the Mortgage is found to be illegal or unenforceable, this will not affect the validity or enforceability of the other provisions.

33.2 Paragraph and Section Headings

Paragraph and Section headings do not form part of the Mortgage, but are used only for easy and convenient reference. They do not affect the construction or interpretation of the Mortgage.

33.3 Number and Gender

Unless the context requires otherwise, words in the singular include the plural, and vice versa, and words specifying a gender include all genders.

33.4 Statutes

Any reference to any statutes shall be deemed to be a reference to such statute and any and all regulations from time to time made under such statute and to such statute and regulations as amended or re-enacted from time to time. Any references in this document to a specific section or sections, paragraph or clause of any statute or regulation shall be deemed to include a reference to any corresponding provision of future law.

Dated the 17 day of March 2005

ROYAL BANK OF CANADA

Per: C Adams
Name: Catherine Adams
Title: Vice-President, Home Equity Financing Products

Per: N. Santini
Name: Nancy Santini
Title: Assistant Secretary

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200514 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200515 Cote
Filing Date 8th APRIL 2005 Date de Dépôt
Page 1 of/de 20 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

BANK WEST

SET OF STANDARD CHARGE TERMS

FIXED AND VARIABLE RATE RESIDENTIAL CHARGE/MORTGAGE

Filed by: Bank West

Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred by its filing numbers, as provided by section 9 of the Act.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200515 Coto

1. DEFINITIONS

In this set of standard charge terms:

"actual mortgage rate" means the interest rate per annum calculated in accordance with the applicable interest calculation period, not in advance, all as set out in the Mortgage or any Schedule attached thereto, as well after as before maturity, default, and judgement;

"borrower"," you" and **" your"** mean each person who signs the mortgage as chargor and his/her successors and assigns;

"box" refers to a box on the Charge/Mortgage of Land form including anything set out in a schedule to the form which deals with the subject matter of that box;

"CMHC" means Canada Mortgage and Housing Corporation and its successors and assigns;

"current mortgage rate" is defined in paragraph 4(a);

"debt" means all present and future indebtedness and liability owing by the mortgagor to the mortgagee pursuant to or in respect of the mortgage including, without limitation, all principal, any additional principal, any readvanced principal or any amounts advanced pursuant to this mortgage including interest, compound interest, taxes and costs including legal fees on a solicitor and client basis;

"default" means that you have not paid an amount of principal, interest or other amount due to us pursuant to the mortgage, or we have discovered that a promise, covenant or representation you have given in the mortgage, mortgage application or loan agreement has been breached or is untrue;

"effective date" means the date on which the amendments in the applicable mortgage amending agreement take effect;

"GE" means GE Capital Mortgage Insurance Company (Canada) and its successors and assigns;

"BW prime rate" means Bank West's benchmark prime rate of interest that is subject to change at Bank West's sole discretion from time to time. The Prime Rate can be obtained at any time by visiting www.bankwest.ca.

"interest adjustment date" means the date on which interest will start to accrue on the mortgage. The definition of interest adjustment date in Section 36(1) of the *National Housing Loan Regulations* will apply to all CMHC insured mortgages;

"land registry or land titles office" means the Provincial or Territorial office in which the property is registered;

"loan agreement" means the Mortgage Approval, Mortgage Offer, Loan Agreement, Renewal Agreement or any other agreement setting out the terms of the loan accepted by you as may be amended from time to time in writing;

"loan amount" means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

"maturity date" means the date on which the balance of the principal amount owing under the Mortgage is due and payable;

"mortgage", when used as a noun, means a Charge or Mortgage of Land, as that term is ordinarily used in the province or territory in which the property is located, given by the borrower to us, together with any renewals or amendments, any schedules attached to it and this set of standard charge terms;

"mortgaged land" means the real property described in the Charge/Mortgage, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements and including all equipment and other apparatus of any kind or nature on the property;

"mortgagee" means Bank West and its successors and assigns;

"mortgagor" means the person or persons so identified in the mortgage and his, her or their successors and assigns, as the case may be;

"non-residential mortgage land" means mortgaged land which:

a. is vacant;
b. consists of commercial or industrial land;
c. consists of seven or more dwelling units;
d. consists of a rental housing project as defined in the *National Housing Act*.

"other claims" is defined in subparagraph 11 (a) ix;

"paragraph" refers to a numbered paragraph in this set of standard charge terms;

"prepayment interest rate differential amount" means the final amount determined in subparagraph a. below *minus* the amount determined in subparagraph b.

a. the present value as determined by us, of the total amount of interest which would have been paid if the prepayment had not been made, payable on the amount of prepaid from the date of payment to the Maturity Date at the Actual Mortgage Rate; and

b. the present value, as determined by us, of the total amount of interest, calculated on the amount prepaid from the date of payment to the Maturity Date at the interest rate per annum set by us, applicable to residential mortgages in Canada, for the mortgage term nearest in length to the remaining term of the Mortgage on the prepayment date.

"prior mortgage" means a mortgage referred to in subparagraph 11 (a) ix;

"principal amount" means the amount set out as the principal amount in the Charge/Mortgage of Land form or in the loan agreements as may be from time to time amended;

"property" or **"your property"** means the mortgaged land or real property described in the Mortgage or Charge of Land form,

"schedule" means any schedule attached to the Charge/Mortgage form;

"successor" means an heir, executor, administrator or successor;

"taxes" means all taxes, rates and assessments, whether federal, provincial, municipal or otherwise, with respect to the Mortgaged Land;

"term of the mortgage" means a period commencing on the Interest Adjustment Date and ending on the Maturity Date;

"we", "our" and **"us"** mean Bank West, as mortgagee or chargee.

2. OUR LOAN TO YOU AND WHAT THE MORTGAGE DOES

We have agreed to loan you money on terms set out in our Loan Agreement. In return for our lending you the principal amount or such of the principal amount as is advanced or readvanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us), you:

1. are the owner of your property, charge your entire interest in your property and the mortgaged land to us including any and all buildings on your property and anything now or later attached or fixed to the buildings on your property including additions, alterations and improvements. Subject to the provisions of the mortgage, you release to us, the mortgagee, all of your claims upon the property or the mortgaged land; or

2. are a tenant or lessee of your property under a lease, charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;

to secure repayment of the loan amount or amounts advanced to you or to be advanced or readvanced to you or the debt owed to us and to ensure that you perform all your obligations under the mortgage.

Our interest in your property and the mortgaged land ends when you have repaid the loan amount(s) and debt in full as provided in the mortgage and we are under no obligation to make any further advances or readvances of money to you and you have complied with all of your other obligations under the mortgage.

This mortgage, whether or not it secures a running account will be a general and continuing collateral security to us, whether collateral or otherwise, for the payment of monies owed to us by you in an amount which will not exceed the principal amount together with other monies which you may be obligated to pay us under this mortgage or any loan agreement or approval of mortgage notwithstanding that the amount you might owe us may change, or the nature or form of your indebtedness to us, or the accounts relating to this security or the notes or other obligations now or later held by us representing all or part of the money you owe to us may change or even if there is no money owing by you to us at any particular time. This mortgage will not be deemed to have been redeemed or become void as a result of any such event or occurrence.

This mortgage is in addition to and not a substitute for any other security which we now or may later hold to secure the repayment of the principal amount. This mortgage shall not create a merger or discharge any part of the debts owing by you to us or any other security we now or in the future may have. You agree that this mortgage shall not affect the security now or later held by us for all or any part of the indebtedness or the liability of any other person or limit any of our remedies in respect of any such other security we have for or on account of the indebtedness.

The mortgage and the debt are assignable by the mortgagee, and payment of amounts secured by the mortgage to the mortgagee in circumstances wherein it is intended that the mortgage be assigned and not discharged, shall not cause the mortgage to cease to operate nor entitle you to a discharge of the mortgage.

The mortgage is given on the express condition that if you duly pay or cause to be paid to us the loan amount, together with any other monies which you may be obligated to pay us, in full without deduction or abatement, as and when the payments are due, and duly observe and perform all other obligations required by us or the mortgage and we have no further obligation to loan or advance any further amount to you then we shall, after you have requested it in writing, deliver a discharge of the mortgage.

The right of foreclosure is hereby expressly given and reserved to and retained by us in the same manner and to the same extent as if you have transferred the property or mortgaged land to us by way of a mortgage subject to a proviso for redemption.

3. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the mortgage or in the loan agreement. Interest is payable at the frequency set out in the mortgage or in the Loan Agreement and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six month period commencing on that date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full. If on any monthly loan payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called compound interest. Compound interest shall be paid on your monthly loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgement.

4. VARIABLE INTEREST RATE (Applicable to Variable Rate Mortgages and Loans)

a. Interest Rate

The interest rate payable by you on the loan amount is a variable rate which will initially be determined on the interest adjustment date and will automatically be adjusted (either upwards or downwards) every three months, with the first adjustment occurring on the day which is three months after the interest adjustment date (the days on which an adjustment is made is referred to in this mortgage as an "adjustment date"). On each adjustment date, the interest rate payable for the next three month period will equal the BW prime rate less an adjustment factor which is set out in the Interest Rate section of your loan agreement. The interest rate will change on each adjustment date to reflect changes in the BW prime rate without any prior notice to you. If you have selected the weekly or bi-weekly payment option, the three-month adjustment date is the payment date closest to the three-month adjustment date without exceeding the three-month adjustment date. Interest is payable monthly, calculated monthly not in advance and is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

b. How You May Determine the Actual Interest Rate

Within a reasonable time after each change in the BW prime rate, we may notify you by mail, by electronic means or other means of notifying you as we may from time to time determine, at your last known address according to our records, a notice of the changed BW prime rate, its effective date, the current mortgage rate and its equivalent rate calculated semi-annually not in advance. The interest rate will still vary under paragraph 4(a) even if we fail to send you such a notice or you fail to receive it. The BW prime rate in effect at any time is available by calling Bank West at the telephone number indicated on your mortgage approval, on our web site or electronically as provided in your mortgage application.

c. Deferred Interest

The amount of interest that has accumulated on the loan amount from one monthly payment to the next which exceeds the monthly loan payment is called "deferred interest". Interest at the current mortgage rate will be charged on the deferred interest from and including such monthly payment date. On the next monthly payment date, all interest which has accumulated on deferred interest during the previous month shall be added to and become deferred interest and will itself bear interest from and including the monthly payment date at the current mortgage rate.

5. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will add any overdue amount (including interest) to the outstanding principal amount and charge interest, at the rate provided for in the mortgage which we refer to as compound interest both before and after maturity, default and judgment on all overdue amounts. This additional interest must be paid by you immediately when we require, both before and after maturity, default and judgment.

6. HOW YOU WILL REPAY YOUR LOAN

a. Currency and Place

You will pay the loan amount to us in Canadian Dollars, on any payment date at the address set out in the mortgage or as you may be notified in writing. In the event any payment is made on any day that is not a business day, it is understood and agreed that the payment will be deemed to be made on the business day next following. Business days do not include Saturdays, Sundays or statutory holidays. Unless we otherwise agree, any payments to be made by you are due and payable as provided in the mortgage provided that at the due date of any such payments, the full amount of the principal amount has not yet been advanced by us.

b. Interest Adjustment Date

Interest on advances up to the interest adjustment date will be calculated daily at the rate specified in the mortgage in effect on the date the funds are advanced and at our option will be paid by you or deducted by us on the interest adjustment date, or be deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

c. Regular Payments

You will make regular payments of principal and interest to us in the amount and on the payment dates specified in the mortgage, starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date.

d. Term/Amortization (Applicable only to Variable Rate Mortgages)

The annual interest rate specified in your Mortgage is subject to variations as set out herein. The principal and interest payment, however, is fixed during the term of the Mortgage unless changed by you pursuant to the terms of the Mortgage, if applicable. Payments are applied to the current interest on the outstanding principal owing up to the date of such payment and then the balance, if any, to the Principal Amount. If the annual interest rate increases, a larger portion of the regular payment will be applied to interest and a smaller portion to principal, with the result that the balance owing on the maturity date may be larger than the amount originally set out in your mortgage disclosure statement. If the interest rate rises above the trigger rate set out in your mortgage disclosure statement, your principal and interest payment will no longer cover the interest portion of your mortgage owing and the amortization period of the mortgage may increase. In such a case, you may be required to increase the amount of your regular principal and interest payment so that the Mortgage will be repaid in full over the registered amortization period, less the amount of time that has elapsed since you took out the Mortgage.

e. Payment Provisions on Default

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis. In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 18.

f. Bank Account for Payments

You must maintain an account of a type satisfactory to us with a branch of a Canadian chartered bank or trust company or such other bank, trust company or credit union which we might approve from time to time and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph 6.

7. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used, first, to pay interest or reduce the interest (other than deferred interest) on the principal amount accumulated to but not including the payment date, second, to pay or reduce any deferred interest (if you have a variable rate mortgage) outstanding and accumulated to but not including the payment date, and third, to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage, we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose.

8. EARLY RENEWAL (Applies to Fixed Rate Open Mortgages and Variable Rate Open Mortgages Only)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the balance due date. You must apply to Bank West to use this right of early renewal. You will be able to renew the mortgage by selecting from the mortgage options and programs that we offer at the time that you apply for early renewal and you must sign a mortgage amending agreement acceptable to us which will contain all amended terms, conditions and provisions of the mortgage. The interest rate payable by you will be our interest rate for the mortgage option and/or program selected by you in effect at the date that you sign the mortgage amending agreement. If applicable, you agree to pay us any processing or administration fees to renew early, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

9. PREPAYMENT

Your Prepayment Rights

(i) If the term of the Mortgage is greater than five years and you are not a corporation, you may prepay the outstanding Principal Amount at any time after the end of the fifth year of the term. In this case, you agree to pay us, in addition to the outstanding Principal Amount and interest owing to the date of prepayment, an amount equal to three months' interest costs calculated at your existing annual interest rate on the date of prepayment.

(ii) If the Property contains more than four living units or if the Property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

(iii) Subject to the provisions of Section 8(a) and 8 (b) above, if you have complied with all your obligations under the Mortgage and the Property contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights:

1. If you have a Fixed Rate Closed or a 6-Month Convertible Closed Mortgage and Loan:

(A) In each calendar year, you may increase the amount of your regular principal and interest payment without penalty. The total of these increases during the term of the Mortgage may not exceed one hundred percent (100%) of the amount of the original regular mortgage payment payable under the Mortgage. You may also decrease the amount of your regular principal and interest payment provided that the resulting amortization period does not exceed the original amortization period, less the amount of time that has elapsed since you took out the Mortgage.

(B) In each calendar year, you may prepay up to 10% of the original Principal Amount without notice, bonus or penalty. Each prepayment will be made on a regular payment date and shall be not less than $100. If you do not use this privilege in a calendar year, you cannot carry forward this right of prepayment for that calendar year to any following calendar year. This right of prepayment without notice, bonus or penalty does not apply if you prepay the Principal Amount in full. This is the case even if you have not yet used this right of prepayment in the calendar year during which the Mortgage is prepaid in full.

(C) In addition, you may prepay all or some of the outstanding Principal Amount at any time before the maturity date by paying the higher of the following two amounts:

a) three months' interest costs, at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing interest rate), on the amount prepaid by you; or

b) the interest rate differential amount. This amount is the difference between your existing annual interest rate on the date of prepayment (plus any discount you received on your existing interest rte) and the interest rate currently charged by Bank West on the date of prepayment for a mortgage similar to yours. A mortgage similar to yours has a term that is closest to the remaining term of the Mortgage.

2. Variable Rate Mortgages and Loans

If Bank West prepayment schedule is attached to the loan agreement or this mortgage, and provided you are not in default of the mortgage, you may prepay part or all of your principal or loan amount in accordance with the provisions set out in the prepayment schedule. For prepayment amounts not addressed in the prepayment schedule, the following conditions shall apply:

(A) on or before the first anniversary of the interest adjustment date, the mortgage can be prepaid in full with three months' interest penalty at the then current interest rate;

(B) on or before the second anniversary of the interest adjustment date, the mortgage can be prepaid in full with two months' interest penalty at the then current interest rate;

(C) on or before the third anniversary of the interest adjustment date, the mortgage can be prepaid in full with one months' interest penalty at the then current interest rate; and

(D) the mortgage is fully open for repayment after such third year anniversary with no interest penalty.

3. If you have a Fixed Rate Open or a Variable Rate Open Mortgage:

You may prepay all or any part of the Principal Amount (minimum of $100) (and/or deferred interest if you have a Variable Rate Open mortgage) on any regular mortgage payment date (or at any time if you have a Variable Rate Open mortgage) without notice, bonus or penalty.

4. Designated Amount (Applicable only to Variable Rate Open Mortgages)

If at any time the Loan Amount exceeds the Designated Amount, you shall be required to take one of the following actions:

(A) increase the amount of each regular payment under the Mortgage in order to maintain the remaining amortization period of the Mortgage;
(B) reduce the Loan Amount by making a lump sum payment sufficient to reduce the Loan Amount below the Designated Amount;
(C) convert the Mortgage to a fixed rate mortgage having equal monthly payments; or
(D) a combination of any of (A), (B) or (C) above.

If you are unable to done one of (A), (B) or (C) above, then, at our option, the Mortgage will immediately become due and payable.

10. CONVERTIBILITYAND MORTGAGE AMENDMENTS

If you have complied with all your obligations under the mortgage, and provided you qualify in accordance with our requirements as they may change from time to time, you may transfer the principal amount owing to another single family dwelling that you own or are purchasing, amend your mortgage on terms that are acceptable to us or convert the mortgage to a different type of mortgage offered by us with the interest rate and containing the terms and provisions that are offered by us to you at the time of conversion. If you wish to take advantage of this opportunity you, your spouse and guarantor, if applicable, must apply to us to use this right of conversion. You will be able to convert the mortgage by selecting from the mortgage options and programs that we offer at the time you apply for conversion and you must sign our mortgage amending agreement which will contain all amended terms, conditions and provisions of the mortgage. The interest rate payable by you will be our interest rate for the mortgage option and/or program selected by you in effect at the date that you sign the mortgage amending agreement. You agree to pay us any processing or administration fees in connection with the conversion, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payments to be made. You also agree that you will pay all legal expenses with respect to the conversion documentation and its registration. You also acknowledge that we are under no obligation to consent to amending your mortgage or allowing you to convert your mortgage. Once the mortgage has been converted, the prepayment privileges of the mortgage will no longer apply and prepayment privileges, if any, will be contained in the conversion documentation.

11. CERTAIN PROMISES YOU MAKE TO US

a. You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us if we require it to be paid to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and the mortgaged land and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to, or your interest in your property or the mortgaged land except for any restrictions registered in the relevant land registry office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or the mortgaged land or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and

- no part of your property or the mortgaged land contains, has ever contained or will in the future contain any hazardous substance.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property or the mortgaged land, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property and the mortgaged land without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property including protecting your rights under any applicable legislation, statute, regulation of any municipal, provincial, federal or regulatory body, and you will not in any way interfere with our interest in your property;

(ix) at the time of execution and delivery of the mortgage, the mortgage is subject only to any prior mortgage to which the mortgagee has consented to in writing (hereinafter individually or collectively referred to as the "Prior Mortgage"). You shall not further encumber the mortgaged land and shall keep the mortgaged land free and clear of any subsequent mortgages and from all encumbrances, liens, charges and mortgages including, without limitation, any outstanding statutory liens or charges on the mortgaged land, arrears of taxes, liens for arrears of condominium common element expenses or other condominium charges or expenses, executions, and rights (which encumbrance, liens, charges and mortgages including each Prior Mortgage, if any, are hereinafter collectively referred to as the "Other Claims").

(x) you agree that the mortgagee may pay the whole or any part of any Other Claims at any time having priority over the Mortgage. The amounts so paid shall be payable by you to us on demand and shall until paid, be included in the debt, be secured by the mortgage and bear interest at the actual mortgage rate. The mortgagee shall be entitled to the equities and the rights and securities of the person or persons so paid and to obtain an assignment of any Other Claims so paid and of any right to payment, and the mortgagee is authorized to retain any discharge of any Other Claims, without registration, until payment to us of the Other Claims in full.

b. If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land registry office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 11(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 23(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 23 and, in particular, under paragraph 23(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 11(b)(xiii) and appoint a new trustee or trustees.

12. DEMOLITION AND ALTERATIONS

a. You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

b. The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

13. INSURANCE

a. Provided the property and mortgaged land is not a single residential unit or strata lot then you must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

b. If the property or mortgaged land is a single residential unit or strata lot you agree to keep insured all buildings, structures, fixtures, and improvements not required to be insured by the Condominium or Strata Corporation as determined by the applicable provincial or territorial legislation or the constating documents of the Condominium or Strata Corporation. We reserve the right to approve the type and amount of insurance coverage, provided however, in cases where Bank West does not approve the coverage we may then obtain coverage pursuant to subparagraph 12 (c).

c. All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

d. We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the mortgage.

e. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your property;
(ii) paid to you; and/or
(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

14. PROPERTY TAXES

a. "Taxes" includes all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

b. Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

c. You are responsible for the payment of all taxes on your property which you will pay when due. You will provide us with all the receipted tax bills or a tax certificate by the end of each calendar year.

d. In the alternative, we may, at our option, estimate the amount of taxes payable on your property each year and you agree to pay to us sufficient monies by equal instalments (based on the payment frequency of your mortgage) to be applied on account of such taxes. You shall pay the instalments on each payment due date during the term of this mortgage. We agree to apply these payments against your taxes as long as you are not in default under any term of this mortgage, although we are not obligated to apply payments on account of your taxes more often than annually. If you have paid us installments towards taxes, and if before we have been able to pay these taxes to the appropriate tax authority you have defaulted in the payment of principal or interest, or the payment of any other monies to be paid by you, as provided in the mortgage, then we may at our option, apply such sum or sums towards payment of the principal and or interest, or to the payment of any other monies to be paid by you which are in default. In the event that the taxes actually charged for any one year, together with any interest and penalties, exceed the estimated amount, you agree to pay us the amount required to make up the difference. If you desire to take advantage of any discounts or avoid any penalties in connection with the payment of taxes, you may pay to us such additional amounts as are required for that purpose. If we are paying your taxes you agree to send to us the tax bills and other notices affecting the imposition of taxes immediately after you have received them. In the event we advance to you additional funds under this mortgage we may deduct an amount or amounts from these advances to pay any outstanding taxes.

If you fail to make your tax payments when they are due, then we may, but shall not be obligated to, make those payments and the amounts paid by us shall:

(i) Be a charge on the lands in favour of us in priority to all claims subsequent to this mortgage;

(ii) Be payable by you immediately with interest at the interest rate until paid; and

(iii) May, at our option, be added to the monies hereby secured as if those amounts had originally formed part of the principal amount.

15. REPAIRS

You must keep your property and the mortgaged land in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property. You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance or readvance to you all or any part of the principal amount referred to in the mortgage, then we do not have to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount has previously been advanced. Even so, by signing the mortgage you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis), title insurance, expenses for investigating title to your property and for preparing and registering the mortgage.

17. LEASES AND RENTS

a. If your property is intended to be used as owner-occupied single-family residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first which we may refuse to do at our option.

b. If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

(i) assign to us all leases, lease agreements and their renewals, and all rights thereunder as they affect your property;

(ii) assign to us all rent and any other moneys payable under the leases and lease agreements; and

(iii) give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including legal fees and other costs, relating to such additional security.

c. If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 17, then at our option the loan amount will immediately become due and payable. In this case we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

d. Nothing we do under this paragraph 17 will put us in possession of your property and we are not obliged to collect any rent or income from your property nor to comply with any term of any lease or agreement.

e. Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property.

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

1. you do not make any payment required by the mortgage;
2. you are in default or do not comply with any of your other obligations under the mortgage;
3. we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph (11) is untrue;
4. we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;
5. any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or
6. your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

19. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications that we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 16, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of any builders or construction lien legislation have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money that we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged. You agree to pay an we reserve the right to charge a standard discharge fee according to the current Bank

West pricing in effect at time the discharge is processed and we may refuse to provide a discharge should this fee not be paid by you.

If your property is subdivided, each part of your property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by an agreement (in a form acceptable to us) with you, with or without any increase in the interest rate or principal amount. It will not be necessary for us to register the agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, which may include a readvancement of principal, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any agreement is entered into. The entering into of any agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such agreement.

22. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens that have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease, of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments that we have to make and costs that we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the mortgage from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the mortgage.

If we have not received a solicitor's final opinion within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

23. ENFORCING OUR RIGHTS

a. Remedies - If you do not make any payment when required under the mortgage or if you are in default of this mortgage or you do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order provided such remedies are available in the province or territory in which the property is located.

Our remedies are:

(i) Sue you - We may take such action as is necessary to collect the loan amount.

(ii) Foreclosure or Sale - We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) Lease Your Property- If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) Power of Sale - If your default continues for 15 days we may, on at least 35 days written notice to you enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) Enter on Your Property - We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rents, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) Appoint a Receiver - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

(vii) Cure Any Defaults - We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws in the Province this mortgage is registered and of Canada including, without limitation, the rights of a mortgagee to exercise foreclosure or statutory power of sale proceedings.

b. Non-interference - If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property is leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

c. Our expenses- All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees and those of Bank West.

d. Delay in Enforcement - Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

e. Judgments - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

24. CONDOMINIUM

In this paragraph, the legislation (as amended or replaced) in the province or territory where the property is located which governs condominium or strata corporations is called the "Act" and the corporation created by the registration or deposit of constating documents under the Act is called the "condominium corporation".

a. **Compliance with the Act, etc.** - You will comply with the Act and with the constating documents, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

b. **Payment of Amounts and Common Expenses, Contributions, Levies or Assessments** - You will pay all amounts required by the Act and by the constating and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses, contributions, levies or assessments. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

c. **Notices and Demands**- You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

d. **Voting Rights**

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited period of time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

e. **Acceleration of Repayment of Loan Amount** - At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the Act is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(iii) the condominium corporation fails to comply with the Act, constating documents, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

f. **Insurance** - Under the Act, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements or those improvements required by the Act or by-laws of the condominium corporation which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. We must approve the insurance company or companies. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

25. DUE ON SALE AND RELEASE

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place;

(iii) you provide us with a copy of the registered Deed/Transfer of Land to the approved person or persons together with a guarantee agreement(s) (if required by us);

(iii) you pay a standard discharge or transfer fee according to the current Bank West pricing in effect at time the discharge is processed; and

(iv) that the individual(s) we approve provide us with a written agreement to be bound by all of your obligations under the Mortgage.

26. INSPECTION

You agree that we or our agents (or agents of CMHC/GE if this is a CMHC/GE insured mortgage) may, at any time, before or after default, and for any reason, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we or CMHC/GE considers necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC/GE, and our agents and those of CMHC/GE will not become mortgagees in possession, management or control by exercising these rights.

27. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

28. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage. We may at any time and from time to time without the consent of or notice to the guarantors give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, increase the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

29. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the Mortgage, such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

30. DISCHARGE

After you have paid us the loan amount and fulfilled all of your other obligations under the mortgage, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee.

31. ADMINISTRATION FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, any fees referred to in paragraph 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage.

The amount of such fees in effect at any particular time is available from Bank West by contacting us at the telephone number set out in the mortgage approval or such other number we may designate.

32. PORTABILITY

If you have complied with all your obligations under the Mortgage, upon written application by you, the bona fide arms length sale of the Property and the purchase of another property (the "New Property"), within 120 days of such sale, we will provide financing for your purchase on the security of a mortgage (the "New Mortgage") registered on title to the New Property, provided that:

1. on the date of completion of the sale of the Property, the Loan Amount is paid in full, and the prepayment of the Principal Amount will be subject to the prepayment provisions described above that

apply to the Mortgage. However, provided the New Mortgage is advanced within the 120 day period following prepayment of the Mortgage, we will, subject to Section 31(3) below, refund to you the amount of any penalty interest paid in respect of this prepayment;

2. if the principal amount of the New Mortgage at the date of prepayment (the "New Mortgage Amount") is the same as the Principal Amount at the date of prepayment (the "Mortgage Amount"), the current mortgage interest rate will apply to the New Mortgage for the period of time equivalent to the time from the prepayment date of the Mortgage to its maturity date (the "Remaining Term");

3. if the New Mortgage Amount is less than the Mortgage Amount, the current mortgage interest rate will apply to the New Mortgage for the period of time equivalent to the Remaining Term, and the penalty interest paid on the amount by which the Mortgage Amount exceeds the New Mortgage Amount will not be refunded to you pursuant to Section 31(1) above;

4. if the New Mortgage Amount exceeds the Mortgage Amount, the interest rate for the New Mortgage will be a rate of interest that blends:

   (a) the current mortgage interest rate; and

   (b) the rate of interest we offer at that time for a similar type of mortgage with a term similar to the remaining term of the Mortgage. The term of the New Mortgage will be for a period equivalent to the remaining term of the Mortgage; and

5. our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the New Mortgage will apply to your application and must be met, including the CMHC or GE mortgage insurance requirements, if applicable, and you will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and all other expenses incurred in connection with the new Mortgage.

33. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the Mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

34. FAMILY LAW LEGISLATION

You certify to us that all information which you gave us about your marital status when applying for the loan secured by the mortgage, and the statements made in the mortgage were and are completely truthful and accurate under the matrimonial or family law legislation (as amended or replaced) in effect in the province or territory in which the property is located. You agree to inform us in writing immediately if your marital status (for example, if you get married or divorced) changes.

35. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the mortgage, regardless of the date of signature.

36. NEW HOME WARRANTY LEGISLATION

If your property is covered by a New Home Warranty then you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

37. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage.

38. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

39. PARAGRAPH HEADINGS ETC.

Headings in the mortgage do not form part of the mortgage but are used only for easy reference. The Mortgage shall be read with all necessary grammatical changes necessary if the borrower or guarantor is a corporation or due to the sex of the borrower or guarantor.

40. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the National Housing Act.

41. AMENDMENTS TO STANDARD CHARGE TERMS

These standard charge terms may be amended and specific provisions added, deleted or changed by adding a schedule to the form of mortgage registered in the land registry office, without notice to you.

42. MAKING MATERIAL CHANGE

Any agreement to make material changes to the Mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the terms of the Mortgage will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not agree to the changes in writing.

43. EQUIVALENT INTEREST RATES

(Applicable to Variable Rate Mortgages)

For the purposes of the *Canada Interest Act* the following information is provided for you since the BW prime rate and the current mortgage rate may be expected to change from time to time. For each current mortgage rate (calculated monthly not in advance) set forth, the adjacent column sets forth the equivalent interest rate calculated semi-annually not in advance.

CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENTINTEREST RATE CALCULATED HALF-YEARLYNOT IN ADVANCE
3.000	3.01881	11.000	11.25519	19.000	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	12.000	12.30403	20.000	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	13.000	13.35721	21.000	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	14.000	14.41474	22.000	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	15.000	15.47664	23.000	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	16.000	16.54291	24.000	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053

8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028
9.000	9.17045	17.000	17.61358	25.000	26.33882
9.125	9.30024	17.125	17.74772	25.125	26.47743
9.250	9.43010	17.250	17.88193	25.250	26.61611
9.375	9.56002	17.375	18.01621	25.375	26.75486
9.500	9.69002	17.500	18.15056	25.500	26.89369
9.625	9.82008	17.625	18.28498	25.625	27.03258
9.750	9.95021	17.750	18.41947	25.750	27.17154
9.875	10.0804	17.875	18.55403	25.875	27.31058
10.000	10.21066	18.000	18.68865	26.000	27.44969
10.125	10.34099	18.125	18.82335	26.125	27.58886
10.250	10.47139	18.250	18.95811	26.250	27.72811
10.375	10.60185	18.375	19.09295	26.375	27.86743
10.500	10.73238	18.500	19.27785	26.500	28.00682
10.625	10.86298	18.625	19.36282	26.625	28.14628
10.750	10.99365	18.750	19.49766	26.750	28.28581
10.875	11.12438	18.875	19.63297	26.875	28.42541

44. DETERMINATION OF THE COMPONENTS OF MORTGAGE PAYMENTS

(Applicable to Variable Rate Mortgages) While the amount of each regular mortgage payment (excluding any amount payable in respect of taxes and life insurance) to be paid by you under the mortgage is fixed under the terms of the mortgage, the amount of the interest and principal components of each regular mortgage payment may vary as the current mortgage rate varies. The following provides a method whereby you may calculate the portion of each regular mortgage payment which will be applied to the payment of interest or deferred interest or in reduction of the principal amount.

METHOD OF CALCULATION

1. Determine the number of days in the payment period, including the date of the immediately preceding payment (or, in the case of the first payment, the interest adjustment date) and excluding the date on which the regular mortgage payment is being paid.

2. (a) Determine, for each different current mortgage rate chargeable during the payment period, the number of days on which such current mortgage rate was chargeable. Apply the following formula, for each such current rate, in order to determine the amount of interest which accrued on the principal amount in the payment period for each current mortgage rate:

$$\text{Principal amount owing after immediately preceding payment} \times \text{Current mortgage rate} \times \frac{\text{Number of days during payment period on which such current mortgage rate was chargeable}}{\text{Number of days in the year}}$$

(If the calculation is made in respect of the first regular mortgage payment the principal amount used in the formula will be the principal amount owing on the interest adjustment date.) Add each of the interest components calculated in accordance with this formula in order to determine **the total amount of interest** that accrued on the principal amount during the period.

(b)The same procedure is followed to determine the total amount of interest that accrued on any deferred interest during the period, except that, in the formula, the deferred interest owing after the immediately preceding payment is used instead of the principal amount then owing. The total amount of interest which accrued on the deferred interest during the period is then added to the deferred interest which was owing after the immediately preceding regular mortgage payment in order to determine the deferred interest outstanding on the mortgage payment date.

(c) The regular mortgage payment is applied as follows:

(i) it is applied first to the total amount of interest which accrued on the principal amount during the period;

(ii) if the payment exceeds the total amount of interest which accrued on the principal amount during the period, the balance of the payment is applied first to the deferred interest outstanding on the regular mortgage payment date as calculated above, and any remaining balance of the payment is then applied in reduction of the principal amount.

EXAMPLE

1. The following example indicates how these calculations are carried out in practice. In this example, assume the following information:

   (a) the principal amount owing after the immediately preceding regular mortgage payment - $70,000.00;

   (b) the amount of deferred interest owing after the immediately preceding regular mortgage payment - $1.20;

   (c) current mortgage rate during the payment period - 13%;

   (d) the amount of the regular mortgage payment - $771.68;

   (e) number of days in the payment period - 28.

2. (a) Use the formula set out above to determine the interest which accrued on the principal amount during the period

$$\$70{,}000.00 \times \frac{13}{100} \times \frac{28}{365} = \$698.08$$

   (b) Use the formula to determine the interest which accrued on the deferred interest during the period

$$\$1.20 \times \frac{13}{100} \times \frac{28}{365} = \$0.01196 \text{ (rounded to 0.02)}$$

Add this amount to the deferred interest owing after the immediately preceding regular mortgage payment to determine the deferred interest outstanding on the regular mortgage payment date - $1.20 + $0.02 = $1.22.

   (c) Apply the regular mortgage payment ($771.68) first to payment of the total amount of interest which accrued on the principal amount during the period ($698.08), leaving a balance of $73.60 ($771.68 - $698.08); apply this balance to the deferred interest outstanding on the regular mortgage payment date ($1.22), leaving a balance of $72.38 ($73.60 - $1.22) to be applied in reduction of the principal amount.

Dated the day of March 2005

BANK WEST

Per: Richard Bradeur

Per: ______________________

Authorized Signing Officers

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200515 Cote

FirstLine
MORTGAGES

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200516 Cote
Filing Date APRIL 21st 2005 Date de Dépôt
Page 1 of/de 15 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
Set of Standard Charge Terms

Filed by: CIBC Mortgages Inc.
Filing Number:

Filing Date:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in the schedule attached to the registered document, if any.

1. Definitions

In this set of standard charge terms:

Act means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, (as amended or replaced);

borrower, you and **your** mean each person who signs the mortgage as chargor(s);

CIBC means Canadian Imperial Bank of Commerce;

CIBC Prime Rate means the variable reference rate of interest per year declared by CIBC from time to time to be its prime rate for Canadian dollar loans made by CIBC in Canada;

CMHC means Canada Mortgage and Housing Corporation;

Condominium Act means the *Condominium Act, R.S.O. 1990, c. C.26* or *Condominium Act, S.O. 1998, c. C.19* (as amended or replaced);

condominium corporation means the condominium corporation created by the registration of a declaration in respect of your property under the *Condominium Act*;

declaration means the declaration (as amended or replaced from time to time) which, together with a description, was registered under the *Condominium Act* to create the condominium corporation;

Genworth means Genworth Financial Mortgage Insurance Company Canada;

interest adjustment date means the date specified in the registered document;

lender, we, our and **us** mean CIBC Mortgages Inc. trading as FirstLine Mortgages, as chargee;

loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

mortgage or charge, when used as a noun, means the registered document, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

paragraph refers to a numbered paragraph in this set of standard charge terms;

payment amount means the amount specified in the registered document;

principal amount means the amount set out in the registered document;

registered document means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;

schedule means any schedule attached to the registered document;

taxes means all taxes, rates and assessments of any nature or kind, including, without limitation, real property taxes, local improvement rates, school taxes, development charges and levies, penalties or costs associated with cleanup following a fire, explosion or other destruction or damage and any taxes or duties levied in lieu of or in substitution for any of the foregoing and interest and penalties on any of them; and

your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to any building, structure or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, " your property" includes the common elements and any other interest that you may have in the assets of the condominium corporation, and references to "your property" mean all or any part of it.

2. Exclusion of Statutory Covenants

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. Our Loan to You

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time:

a) if you are the owner of your property, you charge your entire interest in your property to us; or

b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including, but not limited to, any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;

to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. Fixed Interest Rate (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the registered document. Interest is compounded semi-annually not in advance. Interest is payable at the frequency set out in the registered document. Interest is calculated on each regular payment date at the said interest rate. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, per diem interest will be calculated on the basis of a 29-day month. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee may be payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both

Interest is calculated half-yearly not in advance within the meaning of the *Interest Act*, R.S.C. 1985, c. I-15.

5. **Variable Interest Rates (Applicable only to Adjustable Rate Mortgages)**

a) **Interest Rate**

The interest rate payable by you is specified in the registered document and is a variable rate per annum equal to:

i) **If you have an Adjustable Rate Mortgage – Prime Minus,** CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points per annum, if any, indicated in the registered document. The interest rate shall be adjusted on the first day of each month, and the first interest rate adjustment will not occur until three months from the interest adjustment date.

ii) **If you have an Adjustable Rate Mortgage other than an Adjustable Rate Mortgage – Prime Minus,** CIBC Prime Rate, as the same will vary from time to time, plus or minus the number of percentage points per annum, if any, indicated in the registered document. The principal and interest payment will be recalculated every time CIBC Prime Rate changes, based on the current mortgage rate and the then-remaining amortization period of the mortgage;

The interest rates set out above in this paragraph will vary automatically on the first day of each month (if you have an Adjustable Rate Mortgage – Prime Minus) or each time there is a change in the CIBC Prime Rate (if you have any other type of Adjustable Rate Mortgage), without any notice to you. At any particular time, the interest rate chargeable under the mortgage is called the "current mortgage rate". Interest is compounded semi-annually not in advance, and payable at the frequency set out in the registered document. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, per diem interest will be calculated on the basis of a 29-day month. Interest is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full. Unless you have an Adjustable Rate Mortgage – Prime Minus, when not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Interest is calculated half-yearly not in advance within the meaning of the *Interest Act*, R.S.C. 1985, c. I-15.

b) **Changes in Interest Rate**

Within a reasonable time after each change in the CIBC Prime Rate, we may mail to you, at your last known address according to our records, a notice of the changed CIBC Prime Rate, its effective date, the new current mortgage rate, and, if applicable, your new principal and interest payment amount. The interest rate will still vary as set out above even if we fail to send you such a notice, or if you fail to receive it. However, if we do send you such a notice, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the notice was sent. CIBC Prime Rate in effect at any time is available on our website (www.firstline.com) or by contacting us.

In the event that it may be necessary to prove the CIBC Prime Rate applicable at any time, it is agreed that a certificate in writing of the lender setting out the rate shall be deemed to be conclusive evidence as to the rate at such time.

c) **Deferred Interest/Negative Amortization**

If your regular principal and interest payment is not sufficient to cover the interest accrued on the mortgage from one regular payment date to the next, then the interest outstanding is called deferred interest. Deferred interest will be added to the outstanding principal balance of your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and will bear interest at the current mortgage rate.

6. **Compound Interest on Overdue Amounts**

If you do not make the regular mortgage payment or any other payment when required by the mortgage, we will charge interest on all overdue amounts (including interest) at the rate provided for in the mortgage both before and after the balance due date set out in the registered document, default and judgment. This additional interest must be paid by you immediately upon demand, both before and after the balance due date, default and judgment.

7. **Repayment of Loan Amount**

a) **Currency and Place**

You will pay the loan amount to us in Canadian dollars, at the address set out in the registered document or as you may be notified in writing.

b) **Interest Adjustment Date**

i) **If this is a mortgage other than a building mortgage,** interest on advances up to the interest

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200512, Col.

adjustment date will be calculated at the lesser of the current mortgage rate in effect on the date of advance or the initial rate set seven days prior to the date of advance, and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or deducted by us on the first regular payment date.

ii) **If this is a building mortgage,** accrued interest on progress advances is calculated daily and payable monthly up to the interest adjustment date established for the initial term of the mortgage and may be retained without adjustment out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage will be deducted from the last substantial advance.

c) **Regular Payments**

You will make regular payments of principal and interest to us on the payment dates and in the amounts specified in the registered document starting with the first payment date until and including the last payment date. When not in default, unless you have an Adjustable Rate Mortgage – Prime Minus, you shall have the privilege of changing your regular payment date to any date acceptable to us. Should you choose to exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee may be payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

d) **Term/Amortization (Applicable only to Adjustable Rate Mortgage- Prime Minus)**

The interest rate specified in your mortgage is subject to variations as set out herein. The principal and interest payment, however, may be fixed during the term of the mortgage unless changed by you pursuant to the terms of your mortgage, if applicable. Subject to paragraph 8 below, payments are applied first to the current interest owing on the outstanding principal amount up to the date of such payment and then the balance, if any, to the principal amount. If the interest rate increases, a larger portion of the regular payment amount will be applied to interest and a smaller portion to the principal amount, with the result that the balance owing on the maturity date may be larger than the amount originally set out in your mortgage disclosure statement. If the interest rate increases above the trigger rate set out in your mortgage disclosure statement, your payment amount will no longer cover the interest portion of your regular payment amount and the amortization period of the mortgage may increase. In such a case, you may be required to increase your payment amount so that the mortgage will be repaid in full over the remaining balance of the original amortization period.

e) **Payment Provisions on Default**

If you do not meet any of your obligations under the mortgage, including the obligation to make payments, you must immediately pay to us all outstanding arrears. Further, we may require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 23.

f) **Bank Account for Payments**

You must maintain a bank account of a type satisfactory to us with a Canadian financial institution and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment amount. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph 7. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

8. How We Apply Your Payments

Each of your regular payments will be applied in the following order:

a) to pay life insurance premiums payable in respect of the mortgage, if any;

b) to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the mortgage, including tax accounts;

c) to pay for the cost of optional services made available by us and selected by you, if any;

d) to pay any collection expenses or any applicable administration and processing fees;

e) to pay interest or reduce the interest (including any deferred interest, any outstanding interest or late interest charges) on the principal amount accumulated to but not including the payment date; and

f) to reduce the principal amount.

However, if you do not meet any of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we may choose. The amount of interest in arrears may be obtained by contacting us.

9. Your Prepayment Rights (Applicable to All Mortgages)

a) If the term of the mortgage is greater than five years and you are not a corporation, you may prepay the outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us, in addition to the outstanding loan amount owing to the date of prepayment, an amount equal to three months' interest costs calculated at your existing annual interest rate on the date of prepayment on the amount prepaid.

b) If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

c) Subject to the provisions of paragraphs 9(a) and 9(b) above, if you have complied with all your obligations under the mortgage and your property contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights:

9.I Standard Prepayment Privileges

(A) MONTHLY PAYMENT ADJUSTMENT

(i) **If you have an adjustable rate mortgage,** once during any 12-month period following the interest adjustment date or anniversary thereof ("anniversary year"), without penalty, you may increase the amount of your regular payment amount to any amount, provided that the amortization period of the mortgage is not reduced to less than five years. You may also decrease the amount of your regular payment amount once during any anniversary year, without penalty, provided that the resulting amortization period does not exceed the remaining balance of the original amortization period, and provided that the new regular payment amount may never be less than the original regular payment amount. These privileges are non-cumulative, and if you do not use them during an anniversary year, they cannot be carried forward to any subsequent anniversary year.

(ii) **If you have a fixed rate mortgage,** once during any anniversary year, without penalty, you may increase the amount of your regular payment amount by:

- **If you have an Auto 6 Plus (Convertible 6) Mortgage, a Basic Mortgage or an Access Fixed Rate Mortgage,** up to 15%, or
- **If you have an Auto 12 Plus (Convertible 12) Mortgage or a fixed rate mortgage with a term of two years or longer (other than a Basic Mortgage or an Access Fixed Rate Mortgage),** up to 25%

of the original regular payment amount set out in your mortgage. You may also decrease the amount of your regular payment amount once during any anniversary year, provided that the resulting amortization period does not exceed the remaining balance of the original amortization period, and provided that the new regular payment amount may never be less than the original regular payment amount. These privileges are non-cumulative, and if you do not use them during an anniversary year, they cannot be carried forward to any subsequent anniversary year.

(B) PRIVILEGE AMOUNT

In each anniversary year, you may prepay up to:

(i) **If you have an adjustable rate mortgage, an Auto 12 Plus (Convertible 12) Mortgage or a fixed rate mortgage with a term of two years or longer (other than a Basic Mortgage), 20%;**

(ii) **If you have an Auto 6 Plus (Convertible 6) Mortgage, 10%; or**

(iii) **If you have a Basic Mortgage or an Access Fixed Rate Mortgage, 15%**

(the "Privilege Amount") of the original principal amount of your mortgage without notice, bonus or penalty. Each prepayment can only be made on a regular payment date and shall be not less than $100. This privilege is non-cumulative, and if you do not use it during any anniversary year, you cannot carry it forward to any subsequent anniversary year. This right of prepayment without notice, bonus or penalty does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this right of prepayment in the anniversary year during which the mortgage is prepaid in full.

(C) PREPAYMENTS IN EXCESS OF THE PRIVILEGE AMOUNT

(i) **If you have an Adjustable Rate Mortgage other than an Adjustable Rate Mortgage – Prime Minus,** you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon payment of three months' interest costs on the amount prepaid by you, calculated at the following interest rate:

A. **If you are making a partial prepayment,** your existing annual interest rate on the date of prepayment, plus any discount you received on your existing annual interest rate.

B. **If you are prepaying all of the outstanding principal amount of your mortgage in full,** your existing annual interest rate in effect on the date we generate the mortgage payout statement, plus any discount you received on your existing annual interest rate.

(ii) **If you have an Adjustable Rate Mortgage – Prime Minus,** during the first three years of the mortgage term, you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon payment of two months' interest costs on the amount prepaid by you, calculated at the following interest rate:

A. **If you are making a partial prepayment,** your existing annual interest rate in effect on the date of prepayment, plus any discount you received on your existing annual interest rate.

B. **If you are prepaying all of the outstanding principal amount of your mortgage in full,** your existing annual interest rate in effect on the date we generate the mortgage payout statement, plus any discount you received on your existing annual interest rate.

During the fourth and fifth years of the mortgage term, you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, without notice, bonus or penalty.

(iii) **If you have an Auto 6 Plus(Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage,** the mortgage is closed and prepayment in excess of the Privilege Amount is not permitted, save for the following exception: you may prepay the full amount of the mortgage at any time, only upon a bona fide arm's length sale of the property with supporting documentation, and upon payment of a prepayment charge in an amount equal to 1% of the outstanding principal balance of the mortgage on the date of prepayment.

(iv) **If you have a fixed rate mortgage other than an Auto 6 Plus (Convertible 6) or an Auto 12 Plus (Convertible 12) Mortgage,** you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon payment of the higher of the following two amounts, each of which will be calculated by us using a method determined by us from time to time in our discretion:

- three months' interest costs calculated at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing annual interest rate), on the amount prepaid by you; and
- the interest rate differential amount, calculated as follows:
  - ⇨ **If you are making a partial prepayment in an amount in excess of the Privilege Amount,** the interest rate differential amount is the difference between:
    - A. the interest costs calculated from the prepayment date to the maturity date of your mortgage on the amount prepaid by you, at your existing annual interest rate (plus any discount you received on your existing annual interest rate); and
    - B. the interest costs calculated from the prepayment date to the maturity date of your mortgage on the amount prepaid by you, at the posted interest rate charged by us on the prepayment date for a closed FirstLine brand mortgage product which we have determined in our sole discretion to be similar to your mortgage, taking into account the following:
      - (i) the remaining term of your mortgage,
      - (ii) the features of your mortgage, and
      - (iii) whether you have a conventional or a high-ratio mortgage.
  - ⇨ **If you are prepaying all of the outstanding principal amount of your mortgage in full,** the interest rate differential amount is the difference between:
    - A. The interest costs calculated from your last scheduled regular payment date which falls on or before the prepayment date (whether or not such regular payment was made) to the maturity date of your mortgage at your existing annual interest rate (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; and
    - B. The interest costs calculated from your last scheduled regular payment date which falls on or before the date of prepayment (whether or not such payment was made) to the maturity date of your mortgage on the amount prepaid by you, at the posted interest rate charged by us on the date the mortgage payout statement was generated for a closed FirstLine brand mortgage product which we have determined in our sole discretion to be similar to your mortgage, taking into account the following:
      - (i) the remaining term of your mortgage,
      - (ii) the features of your mortgage, and
      - (iii) whether you have a conventional or a high-ratio mortgage.

(D) **If you have an Adjustable Rate Mortgage - Open,** when not in default, you may prepay any part of the outstanding loan amount on any regular mortgage payment date, or the full amount of the outstanding loan amount at any time, without notice, bonus or penalty.

(E) **If you wish to prepay all of the outstanding principal amount of your mortgage in full,** if you ask us to, we will provide you with a statement of the amount required to pay off your loan amount in full as of any date you specify, provided that the date you specify is within the 30 days following your request (the "Statement Effective Date"). We will not process any mortgage payments, or any other payments which we receive, between the date on which we generate your mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on amounts, including regular mortgage payments, which we do not process during that time. If you do not pay out your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments which we did not process, and any other payments which we received, between the date on which we generated your mortgage payout statement and the Statement Effective Date.

(F) The prepayment charges set out above are payable in addition to interest at the rate specified in the registered document, and, where applicable, interest on accrued interest in connection with payments not processed between the date on which you made your last regular payment and the prepayment date.

9.II U.S.A. Resident

If you are a resident of the United States of America ("U.S.A.") for tax purposes at the time you prepay your mortgage, related prepayment charges may be construed as "interest" for U.S.A. tax purposes. In such case, we reserve the right to apply the factor described in section 47 hereof against such prepayment charges in order to offset the tax liability described in section 47.

10. Increase and Blend (Not applicable to Adjustable Rate Mortgages – Plus or Auto 6 Plus (Convertible 6) Mortgages)

Provided that our mortgage approval criteria, including those as to the borrower and the mortgage terms, are met, you have the privilege of increasing the principal amount secured and/or extending the term of the mortgage at a rate of interest blended to reflect the existing mortgage rate, the prevailing rates, prepayment privilege fees and administration fees, if any.

11. Early Renewal (Applicable only to Fixed Rate Mortgages)

In the event that the mortgage is amended to extend the term hereof, the date of the mortgage for the purpose of the application of Section 10 of the *Interest Act (Canada)* or any other similar Federal or Provincial legislation permitting prepayment, shall be conclusively deemed to be the first day of the last extension of time for payment and the mortgage as amended shall not, at any time or times, be subject to prepayment, in whole or in part, save as may be herein provided.

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the balance due date set out in the registered document. You must apply in writing to use this right of early renewal. You will be able to renew the mortgage by selecting from the mortgage options that we offer under the FirstLine brand at the time that you apply for early renewal, and you must sign a mortgage amending agreement/early renewal agreement acceptable to us, which will contain all amended terms, conditions and provisions of the mortgage selected. The interest rate payable by you will be our interest rate for the mortgage option selected by you in effect at the date that you sign the mortgage amending agreement/early renewal agreement. You agree to pay us any administration and processing fees to early renew, together with any applicable prepayment charges and any accumulated interest which may result from a change in the frequency of the regular mortgage payments. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

12. Designated Amount (Applicable only to Adjustable Rate Mortgage – Prime Minus)

a) Designated Amount means 105% of the original principal amount of the mortgage or such other amount as agreed to in writing by us.

b) If at any time the outstanding loan amount exceeds the Designated Amount, you shall be required to take one of the following actions:

   i) increase the amount of your regular payment amount so that the mortgage will be repaid in full over the remaining balance of the original amortization period;

   ii) reduce the loan amount owing by making a lump sum payment sufficient to reduce the outstanding loan amount below the original principal amount;

   iii) convert the mortgage to a fixed rate mortgage in accordance with paragraph 13; or

   iv) a combination of any of (i),(ii), or (iii) above.

   If you do not choose one of (i), (ii), (iii) or (iv) above, then, at our option, the mortgage will immediately become due and payable or we will increase your regular payment amount in accordance with paragraph 12(b)(i) above.

13. Convertibility

(Applicable only to Adjustable Rate Mortgages, Auto 6 Plus (Convertible 6) Mortgages and Auto 12 Plus (Convertible 12) Mortgages)

a) If you have complied with all your obligations under the mortgage, you may convert the mortgage to a mortgage with the interest rate and terms that are offered to you by us under the FirstLine brand at the time of conversion. The following conditions also apply:

   i) **If you have an Adjustable Rate Mortgage other than an Adjustable Rate Mortgage - Plus,** you may convert to any type of mortgage then offered by us under the FirstLine brand for *National Housing Act* insured loans having a fixed rate of interest, equal monthly payments and a term of three years or longer.

   ii) **If you have an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage,** you may convert to any type of mortgage then offered by us under the FirstLine brand having a term of more than one year.

   iii) **If you have an Adjustable Rate Mortgage – Plus,** you may convert to an Access Fixed Rate Mortgage having a term of three years or longer.

b) You must apply to use this right of conversion by delivering written notice signed by you to our Mortgage Servicing Division. The interest rate will be the posted rate in effect at the time of conversion for the term selected. The new payments at the new interest rate will commence on the first or the second scheduled payment date following conversion, as determined by us. We may request that you sign a mortgage amending agreement containing the amended terms, conditions and provisions of the mortgage selected. However, if we do not, or if for any reason a mortgage amending agreement is not entered into, your written notice to us will be binding upon you and we shall be entitled to rely upon it. You agree to pay us any applicable administration and processing fees, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payment and any accumulated deferred interest. You also agree that, where applicable, you will pay all legal expenses with respect to the conversion documentation and its registration. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

c) Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply and the prepayment privileges, if any, will be contained in the conversion/amending agreement, whether or not you signed it.

14. Automatic Renewal of Mortgage

(a) **If you have an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage:** When not in default, and further provided that you have maintained a satisfactory payment record, the mortgage shall automatically renew at the end of its original 6 or 12 month term and at the end of each subsequent 6 or 12 month renewal term into a new 6 or 12 month term, depending on the length of the original term.

The rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will mail a notice of the Guaranteed Renewal Rate to you 30 days prior to the end of the original term and of each renewal term of the mortgage. You may, at your sole option, terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days prior to the end of that term.

(b) **If you have a mortgage with an original term greater than 12 months, other than an Adjustable Rate Mortgage – Plus or an Access Fixed Rate Mortgage:** You agree to either pay the monies owing under the mortgage on the maturity date set out in the registered document or, if a renewal agreement has been provided, return the executed renewal agreement on or before the maturity date, failing which both you and we agree that the mortgage shall be deemed to be renewed as an Auto 6 Plus Mortgage on the terms and conditions set out in the renewal agreement.

15. Mortgages with Deposits

If required pursuant to the terms of your mortgage loan, you shall deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit amount at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days from the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

16. Certain Promises You Make to Us

a) You certify and agree with us that:

   i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

   ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property other than as disclosed to and approved by us in writing;

   iii) you have the right to give us the mortgage;

   iv) there are no limitations affecting your interest in and your title to your property except for any restrictions registered against the title to your property and except for building and zoning by-laws, with all of which you have complied;

   v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

      - no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders and only then, if you have given us prior notice of such intended use and we have approved such intended use in writing;
      - no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property; and
      - no part of your property is, or will in the future be, used for any illegal purpose, including without limitation a brothel, a gaming house, or the cultivation or processing of marijuana or other illegal substances.

   We may (but are not obligated to) require you, at your expense, from time to time, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph. Should your property be found to contain any hazardous or illegal substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous or illegal substances on your property and any breach of your obligations under this paragraph;

   vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

   vii) if you default in any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference;

   viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

b) If you are a tenant or lessee of your property, you also certify and agree with us that:

   i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

   ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

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iii) you have the consent of your landlord or lessor, or you have the right without your landlord or lessor's consent, to charge your interest in the lease to us and will provide us with written evidence of this satisfactory to us;

iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered against the title to your property and except for building and zoning by-laws, with all of which you and your landlord or lessor have complied;

v) you will pay rents and other payments required by the lease as they fall due;

vi) you will comply with all your other obligations set out in the lease;

vii) you will not surrender the lease or cause it to be terminated;

viii) you will not make any change in the lease without first obtaining our written consent;

ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease have been fully charged to us and that the loan amount is adequately secured;

xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 16(b)(xii) as you already have under other provisions of the mortgage and at law;

xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, including without limitation those referred to in paragraph 28(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 28,including without limitation under paragraph 28(a)(iv);

xv) we may remove you or any other person as trustee of the trust referred to in paragraph 16(b)(xiii) and appoint a new trustee or trustees.

17. Demolition and Alterations

a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of such compliance when requested.

c) You will also provide us with proof of payment of all amounts owing in connection with the above work. You must retain all required holdbacks unless we elect to do so. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

18. Insurance (This paragraph 18 does not apply if your property is a single residential condominium unit)

a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars until the mortgage has been paid out. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been paid out, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, provide us with certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds payable to us under this mortgage. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

i) used to repair or rebuild your property;

ii) paid to you; and/or

iii) used to reduce any part of the loan amount, whether due or not, including any amounts payable to us under paragraph 9, 9.I or 9.II, as applicable, including without limitation prepayment charges.

19. Property Taxes

a) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

b) After the interest adjustment date, you agree to pay to us, on each date on which a regular payment amount is due, the applicable tax instalment, based on the estimated annual taxes and anticipated future payments of taxes (as determined by us) that will be payable for the year following such regular mortgage payment date.

c) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 19(b). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them, failing which you will repay us the cost of obtaining such documentation and, if not paid, we will add such cost to the loan amount. We do not have to hold any moneys which you send us under this paragraph 19 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may, at our option, apply any moneys which we have received under paragraph 19 to any portion of the loan amount.

d) Notwithstanding this paragraph 19, we may at our option choose not to require payment of taxes to us, in which case you will be responsible for payment of all taxes relating to your property. You will provide us with all the receipted tax bills by the end of each calendar year. If, for any reason, you do not pay the taxes when required then paragraphs 19(a) through (c) will apply.

20. Repairs

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, law, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair, or if you or do anything, or allow anything to be done, which lowers its value, or if you do not comply with any of your obligations under this paragraph, then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are immediately payable by you to us, and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

21. No Obligation to Make Advances to You Under the Mortgage

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the mortgage, then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Notwithstanding the above, you will pay us, on demand, all of our costs, including lawyers' fees (on a substantial indemnity basis) and expenses, for investigating title to your property and for registering the mortgage. Such amounts shall be immediately payable by you to us, and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

22. Leases and Rents

a) If your property is approved by us as being owner-occupied residential premises, you certify and agree that no part of your property is rented or occupied by a tenant, and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to give at our option. You agree to keep us informed of the status of occupancy.

b) If your property is a rental property, we must consent to such rental. You hereby assign to us all leases, lease agreements and renewals, whether presently existing or arising in the future, all rents payable under such leases and agreements, and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

c) If you lease in the future any part of your property to another person or persons with our written approval, then, upon our request, you will:

- execute and deliver to us an assignment of all leases, lease agreements and renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment must be in registrable form acceptable to us and may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including, but not limited to, legal fees and registration costs, relating to such additional security.

d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 22, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

e) Nothing we do under this paragraph 22 will put us in possession of your property and we are not obliged to collect any rent or income from your property nor to comply with any term of any lease or agreement.

f) If you are not complying with any of your obligations under the mortgage, rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property or to adversely affect the value of our interest in your property, within the meaning of section 52(1) of the *Mortgages Act*, R.S.O. 1990, c.M.40 (as amended or replaced).

23. Acceleration of Repayment of Loan Amount

The loan amount will immediately become payable, at our option, if:

a) you do not make any payment required by the mortgage;

b) you do not comply with any of your other obligations under the mortgage;

c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 16) is untrue;

d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;

e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

f) your property is abandoned.

We have the right to forgive any particular default by you, but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

24. Building Mortgage

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as reasonably possible in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of such compliance when requested.

Subject to paragraph 21, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. You agree to pay us our then current administration and processing fee for any progress draws. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

We may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, c.C.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

You will also provide us with proof of payment of all amounts owing in connection with the above work.

We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees, shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

25. Releasing Your Property From the Mortgage

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

26. Renewing, Extending or Amending the Mortgage (This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any change in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed, extended or amended, over any other instrument registered against the title to your property after the mortgage. The entering into of any written agreement by us with any borrower and/or with anyone liable to pay the loan amount will not release or affect the liability of any other person who does not sign such written agreement, whether or not such person has received notice of, or consented to, such written agreement.

27. Certain Actions We Can Take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

If you are a tenant or lessee, under a lease of your property we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those

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obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property and such statement shall be deemed conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a solicitor's final report and certificate of title at your expense.

28. Enforcing Our Rights

a) **Remedies** – If you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies include:

i) **Sue you** – We may take such action as is necessary to collect the loan amount.

ii) **Foreclosure or Sale** – We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iii) **Lease Your Property; Assign Rents** – If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. You assign to us all rents from your property, this assignment becoming effective upon the occurrence of an event of default. We may cancel or amend any lease or lease again, as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any lease to reduce any part of the loan amount. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

iv) **Power of Sale** – If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act* enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel or amend any contract of sale and sell or adjourn any such sale from time to time, all as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any sale to reduce any part of the loan amount. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

v) **Enter on Your Property** – We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount. We may lease or sell your property without actually entering into possession. We will not be considered to be a mortgagee in possession unless we actually take possession of your property. While in possession, we will only be accountable for money actually received.

vi) **Appoint a Receiver** – We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

vii) **Cure any Defaults** – We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

b) **Non-interference** – If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

c) **Our expenses** – All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a substantial indemnity basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees and those of CIBC.

d) **Delay in Enforcement** – Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations.

e) **Judgments** – If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

29. Condominium

(If your property is a condominium unit, you must also comply with paragraph 29 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 18).

a) **Compliance with the *Condominium Act*, etc.** – You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

b) **Payment of Amounts and Common Expenses** – You will pay all amounts required by the *Condominium Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

c) **Notices and Demands** – You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, new rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

d) **Voting Rights** –

i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

e) **Acceleration of Repayment of Loan Amount** – At our option, the loan amount will become payable immediately if:

i) government of the property of the condominium corporation under the *Condominium Act* is terminated;

ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

iii) the condominium corporation fails to comply with the *Condominium Act*, declaration, by-laws or rules and regulations;

iv) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

v) the condominium corporation fails to insure all the condominium units and common elements in accordance with paragraph 29(f) and according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

f) **Insurance** – Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us, and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us with evidence of renewal at least fifteen days before the termination of any insurance we are entitled but not obligated to insure the buildings or improvements. If we ask for them, you must give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due including any amounts owing to us under paragraph 9, 9.I or 9.II, as applicable, including without limitation prepayment charges.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

30. Due on Sale and Release

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Accepting any payment from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not unreasonably withhold our approval. Should you exercise this privilege, there may be an administration and processing fee

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payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

i) we give our written approval to you to transfer title to your property;

ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and

iii) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

31. Assumption

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage as if you had signed the mortgage.

32. Inspection

If we, CMHC or Genworth (if this is a CMHC or Genworth insured mortgage), or our respective agents have reason to believe that your property does not comply with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, Genworth or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or Genworth consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property.

Should your property be found to contain any hazardous substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous substances from your property and repair the damage to your property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous substances on your property and any breach of your obligations under this paragraph.

We, CMHC or Genworth and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

33. Expropriation

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest including any amounts payable to us under paragraph 9, 9.I or 9.II, as applicable, including without limitation prepayment charges.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

34. Guarantee

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's heirs, executors, successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may, at any time and from time to time, without the consent of or notice to any guarantor, give any extension of time for payment, any renewals, any extension, deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's heirs, executors, personal representatives, successors and assigns, and will not be altered by the bankruptcy of the borrower or any guarantor.

35. Discharge

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day shall be deemed to have been received on the next following business day. We further reserve the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts arising after the discharge statement is issued are also full paid to us. You will pay our usual administration and processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

36. Administration and Processing Fees

In addition to the administration and processing fees set out in other paragraphs of the mortgage, you also agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, any fees referred to in paragraph 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage from the date such fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you, including, but not limited to, providing copies of documents from your file, providing duplicate documents, providing an amortization schedule, offsite retrieval of your file or information or documents requested by you, providing a detailed breakdown of your payment history or tax account, audit verification, courier charges, and our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

The amount of any such fees is subject to change at any time or times without notice to you. The amount of such fees in effect at any particular time is available by contacting us

37. Portability

If you have complied with all your obligations under the mortgage, upon written application by you, the bona fide arms length sale of your property and the purchase by you of another property (the "new property") within 90 days of the sale of your property, we will provide financing for your purchase of the new property on the security of a mortgage (the "new mortgage") registered on title to the new property, provided that:

a) On the date of completion of the sale of the property, an amount sufficient to pay the principal amount outstanding, interest to the date of the new mortgage and any prepayment charges payable according to the prepayment provisions set out in paragraph 9 above that apply to the mortgage will be held by us, to be released upon registration of the new mortgage within the 90-day period;

b) You will continue to make regular mortgage payments as referred to in paragraph 7 above;

c) The mortgage must be transferred to the new property with no changes in outstanding balance, interest rate, terms or other conditions applicable herein;

d) If the new mortgage is not registered within 90 days of such sale, the amount referred to in (a) above will be applied to prepay the mortgage in full, including payment of any prepayment charge payable according to the prepayment provisions set out in paragraph 9 above, and to pay any applicable administration fees; and

e) our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage will apply to your application and must be met, including the CMHC or Genworth mortgage insurance requirements, if applicable, and you will be responsible for paying all applicable processing or administration fees, all CMHC or Genworth insurance premiums, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

38. Family Law Act

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c.F.3 (as amended or replaced).

39. Doctrine of Consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

40. Date of Mortgage

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document regardless of the date of the signature(s).

41. *Ontario New Home Warranties Plan Act*

If the *Ontario New Home Warranties Plan Act*, R.S.O., 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

42. Who is Bound

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anyone else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is a female or a corporation, then the mortgage will be read with all necessary grammatical changes.

43. Partial Invalidity

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

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44. Paragraph Headings

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

45. *National Housing Act*

All CMHC insured mortgages are made in pursuance of the *National Housing Act*, R.S.C. 1985, c. N - 11, as amended or replaced from time to time.

46. Making Material Change

Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the term of the mortgage will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not receive notice of the changes or agree to the changes in writing.

47. U.S.A. Resident

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us. The interest rate on your mortgage is or will be based on our normal lending rates multiplied by a factor of 1.1111 which offsets our obligations to remit this tax to the U.S.A. tax authorities. This factor, however, is subject to change anytime during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority therein, makes a change to the amount of tax to be paid.

Examples:

If you are a resident of the U.S.A. at the time that the mortgage is initially entered into and the normal lending rate is 6.250% per annum, your interest rate will be 6.944% per annum (i.e., 6.250% x 1.1111); or

If you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% per annum, your new interest rate will be 6.944% per annum (i.e., 6.250% x 1.1111).

48. Clawback Clause (Cash Back Offer)

If you have a mortgage which offered a "Cash Back" option and any of the terms and conditions of the original registered mortgage are amended or the mortgage is discharged, refinanced, ported, assumed or early renewed prior to its maturity date for any reason, you will repay us all or a portion of the cash amount received. The repayment is separate from any prepayment charges or fees applicable to the mortgage and we may add the repayment amount to the principal amount owing under the mortgage at the time of the amendment, discharge, refinance, port, assumption or early renewal.

49. Your Personal Information; Beneficial Owner

You acknowledge that we may enter into this mortgage as nominee and/or agent on behalf of, and that we may assign this mortgage to, another entity (the "beneficial owner"), whether or not such beneficial owner is named in this mortgage. We may disclose your personal information to such beneficial owner, its agents, any assignee of such beneficial owner, and any service provider, as defined below. Your personal information includes all personal information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for such beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it. "Service provider" means a person or entity that has been engaged in connection with (i) the servicing, maintenance, collection or operation of this mortgage, or (ii) the provision of services or benefits to you, including loyalty programs.

During the course of our relationship we may collect financial and related information about you, including information about your mortgage, your transactions using our products and services, and information to identify you or qualify you for products and services or information we need for regulatory purposes. Your information may be collected from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

Your information may be used and disclosed in accordance with CIBC's privacy policies, as set out in its brochure "Your Privacy is Protected", as amended and/or replaced or supplemented from time to time. In addition, your information may be used to open, service, collect upon, process and maintain your mortgage.

DATED at Toronto, this day of April, 2005.

Patricia M. Knight
Solicitor for CIBC Mortgages Inc.

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ICICI Bank

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Filing Date April 21st 2005 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

ICICI BANK CANADA

Land Registration Reform Act (Ontario)

SET OF STANDARD CHARGE TERMS

FIXED AND VARIABLE RATE RESIDENTIAL CHARGE/MORTGAGE

Filed by: ICICI Bank Canada
Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act, except to the extent that any provisions of this set of standard charge terms are modified, amended, supplemented or deleted in a schedule, if any.

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1. DEFINITIONS

In this set of standard charge terms:

"Act" means the means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, and any amendments thereto in effect at the time of execution and delivery of the registered document;

"actual mortgage rate" means the interest rate per annum calculated in accordance with the applicable interest calculation period, not in advance, all as set out in the mortgage and applicable as well after as before maturity, default and judgment;

"borrower", **"you"** and **"your"** mean each person who signs the mortgage as chargor and his, her or their successors and assigns and these terms may be used interchangeably in this set of standard charge terms;

"CMHC" means Canada Mortgage and Housing Corporation and its successors and assigns;

"ICICI Bank prime rate" means ICICI Bank Canada's annual rate of interest announced from time to time as its benchmark prime rate of interest for Canadian dollar loans, which rate is subject to change from time to time at ICICI Bank's sole discretion;

"interest adjustment date" means the interest adjustment date set out in the mortgage;

"Land Registry Office" means the Province of Ontario Land Registry Office where the property is registered;

"ICICI Bank", "lender", "we", "our" and "us" means ICICI Bank Canada, the chargee, and its successors and assigns;

"loan agreement" means the mortgage commitment and any other agreement between you and us setting out the terms of the loan or loans secured by the mortgage, as the same may be amended, renewed, extended, replaced or supplemented from time to time;

"loan amount" means, collectively, all present and future indebtedness and liability owing by you to us under or secured by the mortgage including, without limitation, the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

"maturity date" means the date set out in the mortgage on which the outstanding principal amount is due and payable;

"mortgage", when used as a noun, means for the non-electronic paper based registration system the Form 2 Charge/Mortgage of Land that you sign and any schedules attached to it, or, for the electronic registration system, a Charge/Mortgage of Land prepared in electronic format under Part III of the Act, as the case may, any schedules attached to it, and this set of standard charge terms, as any of these may be amended or renewed from time to time;

"Other Claims" means, collectively, any and all liens, charges, mortgages, statutory liens, liens for arrears of taxes, liens for arrears of condominium common element

expenses or other condominium charges or expenses, executions, rights, and other encumbrances against, binding or affecting the property;
"principal amount" means the amount set out as the principal amount in the mortgage (as may be amended from time to time);
"property" means the real property legally described in the mortgage, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to any building or structure on the land or attached to or fixed to the land, including, without limitation, all additions, alterations, substitutions, improvements, equipment and other apparatus, fixtures, accessions and accretions of any kind or nature on the land and in the case of a condominium unit includes, without limitation, the common elements and any other interest you have in the condominium corporation (as defined in section 26) or its assets;
"registered document" means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format, and any schedules attached to it, and registered electronically pursuant to the provisions of Part III of the Act;
"schedule" means any schedule to the mortgage;
"section" or "subsection" refers to a numbered section or subsection of this set of standard charge terms;
"successor" means an heir, executor, administrator, personal representative or successor;
"taxes" means all taxes, rates and assessments of any nature or kind with respect to the property, whether federal, provincial, municipal or otherwise, including, without limitation, property taxes, school taxes, local improvement rates, interest and penalties payable and special assessments with respect to the property;
"term" means the term of the mortgage, which is the period commencing on the interest adjustment date and ending on the maturity date; and
"variable rate" or "variable interest rate" means the interest rate calculated pursuant to subsection 5(a).

2. EXCLUSION OF STATUTORY COVENANTS

The covenants deemed by subsection 7(1) of the Act to be included in the mortgage are expressly excluded from the mortgage.

3. OUR LOAN TO YOU

In consideration of our lending you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

a) if you own the property, you charge your entire interest in the property to us; or

b) if you lease the property, you charge and sublease to us your entire interest (including, without limitation, any option or right of first refusal to purchase) in the property for the entire term (except the last day) or renewal thereof (except the last day) of your lease; and

c) if you lease the property and you subsequently acquire the freehold title to the property, this mortgage will by operation of law become a mortgage of the freehold interest in the property to the same extent and effect as if you had been the owner of the freehold, free from encumbrances, at the date of the mortgage. For the purposes of this section, you hereby grant, mortgage and charge the freehold interest in the property to and in favour of us, such grant, mortgage and charge to take effect upon your acquiring freehold title to the property,

in each case, to secure repayment of the loan amount and the performance of all your obligations under the mortgage.

Our interest in the property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage and we have delivered to you a discharge of the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate that you are required to pay, and the frequency of the payments of principal and interest, are set out in the registered document. Interest will be calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period from and including the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at the interest rate set out in the registered document both before and after the balance due date in the registered document, default and judgment, until the loan amount has been paid in full.

5. VARIABLE INTEREST RATE (Applicable only to Variable Rate Mortgages)

a) Interest Rate

At any particular time, the interest rate payable by you is referred to in this section 5 as the "**current mortgage rate**". The frequency of the payments of principal and interest are specified in the mortgage. Interest is calculated semi-annually not in advance and is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

The interest rate payable by you specified in the registered document is a variable rate which is adjusted daily as the ICICI Bank prime rate changes from time to time. The interest rate payable shall be the rate per annum equal to the ICICI Bank prime rate plus or minus the number of percentage points per annum, if any, indicated in the registered document. The interest rate may change without any prior notice to you to reflect any changes in the ICICI Bank prime rate.

b) How you may determine your interest rate

After each change in the ICICI Bank prime rate, we may notify you by mail, electronic means or other means as we may from time to time determine, at the most current address we have for you of the changed ICICI Bank prime rate, its effective date and the current mortgage rate. The interest rate will still vary under subsection 5(a) even if we fail to send you such notice or you fail to receive it. The ICICI Bank prime rate in effect at any time is available by calling us at the telephone number set out in the loan agreement or by visiting the internet website set out in the loan agreement.

In the event that it may be necessary to prove the ICICI Bank prime rate applicable at any time, it is agreed that the certificate in writing of ICICI Bank setting out the rate as at any time shall be deemed to be conclusive evidence as to the rate at such time.

c) Deferred Interest

The amount of interest that has accumulated on the loan amount from one regular payment to the next which exceeds the regular loan payment is called "**deferred interest**". Interest at the current mortgage rate will be charged on the deferred interest from and including such regular payment date. On the next regular payment date, all interest which has accumulated on deferred interest from the previous regular payment date will be added to and become deferred interest and will itself bear interest from and including the regular payment date at the current mortgage rate. The amount of deferred interest from time to time may be obtained by contacting us. Deferred interest will apply to variable rate even if monthly payment amounts are increased with increases in interest rates.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or any other payment when required by the mortgage, we will charge interest at the rate provided for in the mortgage (called "**compound interest**"), both before and after maturity, default and judgment on all overdue amounts. You must pay compound interest immediately when we require, both before and after maturity, default and judgment. We will add any overdue amount (including interest and compound interest) to the loan amount.

7. REPAYMENT OF LOAN AMOUNT

a) Currency and Place

You will pay the loan amount to us in lawful Canadian dollars at the address set out in the mortgage or as you may be notified in writing. If any payment is made on a day that is not a business day, the payment will be deemed to be made on the business day next following the payment date. Business days do not include Saturdays, Sundays or statutory holidays for the Province of Ontario. Unless we otherwise agree in writing, any payments to be made by you are due and payable as provided in the mortgage.

b) Interest Adjustment Date

Interest on all advances up to the interest adjustment date will be calculated in the manner and at the rate specified in the registered document in effect on the date of each advance up to but not including the interest adjustment date. At our option, such interest will either be paid by you or deducted from the principal amount by us on the interest adjustment date, be deducted by us from any advance or advances which we make, or be deducted by us on the first regular payment date.

c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document, starting with the first payment date until and including the maturity date. You will pay the outstanding balance of the loan amount on the maturity date.

d) Payment Provisions on Default

If you do not make a payment when required or do not meet any of your other obligations specified in the mortgage, you must, at our option, immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes and insurance premiums (if applicable) on a monthly basis. In such an event, we may (subject to any other provisions of the mortgage) require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also exercise our rights under section 18.

e) Bank Account for Payments

You will maintain an account of a type satisfactory to us with ICICI Bank, a branch of a Canadian chartered bank or trust company or such other bank, trust company or credit union as approved by us in writing and provide an authorization in a form acceptable to us to automatically debit each payment of principal, interest, taxes and insurance premiums (if applicable) when due. You will ensure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be a default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this section 7.

f) Principal Balance never to exceed 105% of Original Principal Amount (Applicable only to Variable Rate Mortgages)

In the event that the total of the outstanding principal balance of the mortgage plus all regular and variable accrued interest thereon equals or exceeds 105% of the original principal amount, you shall be required to:

i. increase the amount of your regular mortgage principal and interest payment so that the mortgage will be repaid in full over the registered amortization period, less the amount of time that has elapsed since you took out the mortgage;

ii. make a lump sum payment on account of principal plus regular and variable accrued interest in order that the resulting balance not exceed

100% of the original principal amount for the remainder of the current term;

iii. convert the mortgage to one having a fixed rate of interest, equal monthly payments for any term then being offered by us for *National Housing Act*, R.S.C. 1985, c. N-11, as amended or replaced from time to time, insured loans. There will be no charge for converting to the longer term. The rate will be the current posted rate for the appropriate term. The rate change will be effective on the first of the month following notification, in writing, of the requested modification; or

iv. a combination of any of (i), (ii), or (iii).

If you are unable to do one of (i), (ii), (iii) or (iv) above, then, at out option, the mortgage will become immediately due and payable.

g) Term/Amortization (Applicable only to Variable Rate Mortgages)

The annual interest rate specified in the mortgage is subject to variations as set out herein. The principal and interest payment, however, may be fixed during the term of the mortgage unless changed by you pursuant to the terms of the mortgage, if applicable. Payments are applied to the current interest on the outstanding principal amount owing up to the date of such payment and then the balance, if any, to the principal amount. If the ICICI Bank prime rate increases, a larger portion of the regular payment will be applied to interest and a smaller portion to principal, with the result that the balance owing on the maturity date may be larger than the amount originally set out in your mortgage disclosure statement. If the interest rate rises such that your principal and interest payment will no longer cover the interest portion of the mortgage owing, the amortization period of the mortgage may increase. In such a case, you may be required to increase the amount of your regular principal and interest payment so that the mortgage will be repaid in full over the registered amortization period, less the amount of time that has elapsed since you took out the mortgage.

h) How We Apply Your Payments

Each of your regular payments will be used in the following order: (i) to pay insurance premiums payable in respect of the mortgage, if any; (ii) to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the mortgage, including tax accounts; (iii) to pay for the cost of optional services made available by us and selected by you, if any; (iv) to pay any collection expenses or any applicable administration or processing fees; (v) to pay interest or reduce the interest (including any deferred interest, outstanding interest or late interest charges) on the principal amount accumulated to but not including the payment date; and (vi) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage, we may apply your payment or any other money we receive towards any part of the loan amount we choose.

8. PREPAYMENT RIGHTS

a) Fixed Rate Closed Mortgages

If you are not in default under the mortgage, you may on any regular payment date, prepay an amount or amounts to be applied to the outstanding principal amount without penalty or bonus provided that:

i. the property does not contain more than four living units and is not being used in whole or in part for commercial, industrial or non-residential purposes;

ii. each such prepayment is at least $100;

iii. the total of all such prepayments during any 12-month period from the interest adjustment date or an anniversary of such date does not total more than 20% of the principal amount set out at the beginning of the term;

iv. if you do not completely use such prepayment privilege in any 12-month period from the interest adjustment date or an anniversary of such date, it cannot be carried forward to the next or any future such 12-month period; and

v. if you are not in default under the mortgage, you may, effective any regular payment date and on written notice to us, increase your regular payments without penalty, provided that the maximum amount of the increase to your regular payment will be 20% of your regular principal and interest payment as set out in the mortgage at the beginning of the term. After you have increased your regular payment amount, you may, effective any payment date, decrease your regular payment amount to an amount not less than the principal and interest payment as set out in the mortgage at the beginning of the term.

Such prepayment privilege shall not be cumulative. Any other early repayment may only be made upon the payment of the **“prepayment interest rate differential amount”** or three months' interest at the actual mortgage rate calculated on the loan amount, whichever is greater. The term **“"prepayment interest rate differential amount"** means the amount determined in subsection i. below *minus* the amount determined in subsection ii. below:

i. the present value as determined by us of the total amount of interest which would have been payable on the outstanding principal amount if the prepayment had not been made calculated from the date of prepayment to the maturity date at the actual mortgage rate; and

ii. the present value as determined by us of the total amount of interest calculated on the outstanding principal amount calculated from the date of prepayment to the maturity date at the interest rate per annum set by us, applicable to residential mortgages in Canada, for the mortgage term nearest in length to the remaining term of the mortgage on the prepayment date;

b) Variable Rate Mortgages

If you are not in default under the mortgage, you may, on any regular payment date, prepay an amount or amounts to be applied to the outstanding principal amount, without penalty provided that:

i. the property does not contain more than four living units and is not being used in whole or in part for commercial, industrial or non-residential purposes;

ii. each such prepayment is at least $100;

iii. the total of all such prepayments paid during any 12-month period from the interest adjustment date or an anniversary of such date does not total more than 20% of the principal amount set out at the beginning of the term;

iv. if you do not completely use such prepayment privilege in any 12-month period from the interest adjustment date or an anniversary of such date, it cannot be carried forward to the next or any future such 12-month period; and

v. if you are not in default under the mortgage, you may, effective any regular payment date and on written notice to us, increase your regular payments, without penalty, provided that the maximum amount of the increase to your regular payment will be 20% of your regular principal and interest payment in the mortgage at the beginning of the term. After you have increased your regular payment amount, you may, effective any payment date, decrease your regular payment amount to an amount not less than the principal and interest payment as set out in the mortgage at the beginning of the term.

Any other early repayment may only be made upon the following conditions where you will have to pay the higher of the amounts referred to in (i) or (ii) below:

i. the mortgage can be prepaid in full on payment of with three months' interest penalty at the interest rate stipulated in the mortgage; OR

ii. the mortgage can be prepaid in full on payment of the **"prepayment interest rate differential amount"** as defined above in this section 8.

9. CONVERTIBILITY

You shall be entitled at any time when not in default under the mortgage to ask for an amendment to the mortgage. If we agree to amend the mortgage, such amendment shall be in accordance with a mortgage amending agreement in form and substance satisfactory to us, which shall stipulate, among other things, the date on which the amendments in the mortgage amending agreement take effect, and an interest rate and other terms to be mutually agreed by us and you at the time the mortgage amending agreement is entered into.

10. EARLY RENEWAL (Applicable only to Fixed Rate Mortgages)

In the event that the mortgage is amended to extend the term hereof, the date of the mortgage for the purpose of the application of section 10 of the *Interest Act* (Canada), R.S.C. 1985 c. I-15, as amended or replaced from time to time, or any similar federal or provincial legislation permitting prepayment, shall be conclusively deemed to be the first day of the last extension of time for payment and the mortgage as amended shall not, at any time or times, be subject to prepayment, in whole or in part, save as may be herein provided.

If the property contains more than four living units or if the property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have complied with all of your obligations under the mortgage and the property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the maturity date. You must apply to us in writing to use this right of early renewal. You may renew the mortgage by selecting from the mortgage options that we offer at the time that you apply for early renewal and you must sign a mortgage amending agreement acceptable to us which will contain the applicable interest rate and other terms and conditions of the amendments to the mortgage. You agree to pay us our then current administration and processing fees to renew the mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

11. CERTAIN PROMISES YOU MAKE TO US

a) You certify and agree with us that:

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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i. you will pay the loan amount as required by the mortgage, will pay taxes as required under section 14, and will comply with all of your other obligations under the mortgage;

ii. unless you are the tenant of the property, you are the lawful owner of the property and there are no encumbrances affecting title to the property;

iii. you have the right to give us the mortgage;

iv. there are no limitations affecting title to, or your interest in, the property except for any restrictions registered in the Land Registry Office and except for building and zoning by-laws, with which you have complied;

v. to the best of your knowledge and belief, after reasonable enquiry and investigation:

   A. no condition exists on the property which is in contravention of any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety;

   B. no part of the property or of any adjoining land is, has been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements;

   C. there are no underground or aboveground storage tanks on the property except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements relating to underground and aboveground storage tanks, the protection of the environment, hazardous substances or public health and safety;

   D. no part of the property contains or will in the future contain any hazardous substance except in compliance with all laws, regulations, by-laws, orders and all other legally binding requirements;

   E. no claim, notice, order, investigation or other proceeding, in each case pursuant to any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety, has been made, issued or threatened in relation to any condition on the property; and

   F. no part of the property is currently being used in non-compliance with any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety;

vi. we may (but are not obligated to) require you, at your expense, to obtain an environmental audit assessment (which may include any intrusive environmental investigations of the property we deem necessary and desirable) of all or any part of the property, which environmental audit or assessment must be satisfactory to us, but such audit or assessment does not relieve you from your obligations under this section;

vii. at any time that a change in the environmental condition on or with respect to the property makes any of the above statements untrue, you will provide us a written notice of such change immediately, including a copy, where applicable, of any correspondence with any regulatory body about the condition;

viii. you will not, and will not allow any other person to, create or allow to exist, any condition on or with respect to the property that does or could constitute a violation of any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety now and as such requirements come into force in the future;

ix. all information that you have provided to us concerning your marital status and whether the property is a matrimonial home within the meaning of the *Family Law Act* (Ontario), R.S.O. c. F. 3, as amended or replaced from time to time, is true, complete and correct at the time the mortgage is signed and delivered;

x. all representations made by you in the loan agreement and in these standard charge terms are true, complete and correct at the time the mortgage is signed and delivered;

xi. you will, at your expense and at our request, whether before or after default, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that your entire interest in the property has been fully charged to us and that the loan amount is adequately secured;

xii. if you default in any of your obligations under the mortgage, or any other default occurs, we will have the right to take possession of the property without any encumbrances or interference;

xiii. you will take any action necessary to protect your title to the property including, without limitation, protecting your rights under any applicable legislation of any municipal, provincial or federal government or regulatory body and you will not in any way interfere with our interest in the property;

xiv. you will not without our prior written consent further encumber the property and will keep the property free and clear of any Other Claims and any subsequent charges or mortgages;

xv. you agree that we may (but shall not be required to) pay the whole or any part of any Other Claims at any time having priority over the mortgage. The amounts so paid will be payable by you to us on demand and will, until paid, be included in the loan amount, be secured by the mortgage and bear interest at the actual mortgage rate. We will be entitled to the equities and the rights and securities of the person or persons so paid and to obtain an assignment of any Other Claims so paid and of any right to payment and we are authorized to retain any discharge of any Other Claims, without registration, until payment to us of the Other Claims in full; and

xvi. we have the right to assign the mortgage and the payment of amounts secured by the mortgage, and any assignment by us will not cause the mortgage to cease to operate or entitle you to a discharge of the mortgage.

b) If you are a tenant or lessee of the property, you also agree with us that:

i. the property is leased to you under a valid lease, a complete copy of which you have given to us and that you have good leasehold title to the property;

ii. all rents and other monies payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

iii. you have the consent of your landlord or lessor or you have the right, without your landlord's or lessor's consent, to charge your interest in the lease to us;

iv. there are no limitations on your interest in the lease or the property except for any set out in the lease, except for restrictions registered in the Land Registry Office and except for building and zoning by-laws, with which you and your landlord or lessor have complied;

v. you will pay rents and other payments required by the lease as they fall due;

vi. you will comply with all your other obligations set out in the lease;

vii. you will not surrender the lease or cause it to be terminated or assign the lease or any of your rights under the lease or sublet all or any part of the property;

viii. you will not make any change in the lease without first obtaining our written consent;

ix. where the lease contains an option to renew the term of the lease or a right of first refusal to lease or purchase the property, you will not allow any such right or option to lapse at any time while there remains any outstanding loan amount without our prior written approval;

x. you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

xi. you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in the property and in the lease has been fully charged to us and that the loan amount is adequately secured;

xii. you will indemnify us against all actions, claims, costs and demands should you default under your lease;

xiii. you will hold the property for the last day of the term of your lease or of any renewal term of the lease in trust for us and will only deal with it in such manner as we will require. You will have the same rights arising from this subsection 11(b)(xiii) as you already have under other provisions of the mortgage and at law;

xiv. at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal term. If we enforce our rights under the mortgage, particularly those referred to in subsection 25(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's successors;

xv. you irrevocably appoint us as your attorney so that we, on your behalf and in your name, may enforce any of the covenants in your favour under the lease, exercise any right or option available to you under the lease (including any right of renewal or termination) or assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under section 25 and, in particular, under subsection 25(a)(iv);

xvi. we may remove you or any other person as trustee of the trust referred to in subsection 11(b)(xiv) and appoint a new trustee or trustees; and

xvii. you acknowledge that any breach of a term of the lease constitutes a default under the mortgage, and you agree that we have the right (but not the obligation) at any time to pay any amount outstanding under the lease or take any action as may be necessary to bring the lease into good standing, and to add all amounts paid by us and all costs incurred by us to the loan amount secured by the mortgage.

12. DEMOLITION AND ALTERATIONS

You agree not to demolish the whole or any part of any building or structure on the property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to the property without first obtaining our written approval to your proposed plans and specifications. In either case, we may withhold our approval in our sole discretion.

The above work must be completed as quickly as possible and in accordance with all governmental requirements and building standards that apply to the property, at your expense, and upon our request you will provide us with proof of payment and compliance with governmental requirements and building standards. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses including, without limitation, any charges for providing financial guarantees or other security, are immediately payable by you to us and, if you do not pay them, we will add them to the loan amount and they will bear interest at the actual mortgage rate.

13. INSURANCE (Section 13 does not apply if the property is a single residential condominium unit)

You must insure and keep insured in our favour until the mortgage is discharged, the property, including without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property for not less than their full replacement value in Canadian dollars. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower or sprinkler system or any other comparable apparatus is operated on the property, you must also insure and keep insured in our favour and until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and that we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the actual mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not including, without limitation, an amount to compensate us for loss of interest.

14. PROPERTY TAXES

Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay taxes then owing or to anticipate future payments of taxes.

You are responsible for the payment of all taxes on the property, which you will pay on or before the dates due. Promptly upon our request, you will provide us with all the receipted tax bills or a tax certificate confirming that all taxes are paid, failing which you will repay to us the cost of obtaining such receipts or tax certificate and if not paid we will add such cost to the loan amount.

In the alternative, and notwithstanding any other provisions of this section 14, we may, at our option and on written notice to you, estimate the amount of taxes payable for the property each year and you agree to pay to us sufficient monies by equal instalments (based on the payment frequency of the mortgage) to be applied on account of such taxes. You will pay the instalments to us on each payment due date during the term. We agree to apply these payments against your taxes as long as you are not in default under the mortgage, although we are not obligated to apply payments on account of your taxes more often than annually. We do have to hold any moneys which you send us under this section 14 in trust, nor pay interest on them. If you have paid us instalments towards taxes and if before we have been able to pay these taxes to the appropriate tax authority you have defaulted in the payment of principal or interest or the payment of any other monies to be paid by you under the mortgage, or have not complied with any of your other obligations under the mortgage, then we may, at our option, apply such sum or sums towards payment of the principal and/or interest or to the payment of any other monies to be paid by you which are in default. If the taxes actually charged for any one year, together with any interest and penalties, exceed the estimated amount, you agree to pay us promptly upon written notice from us the amount required to make up the difference. If you desire to take advantage of any discounts or avoid any penalties in connection with the payment of taxes, you may pay to us such additional amounts as are required for that purpose. If we are paying your taxes, you agree to send to us the tax bills and other notices or communications relating to taxes immediately after you have received them, failing which you will repay to us the cost of obtaining such documentation and, if not paid, we will add such cost to the loan amount. If we advance to you additional principal amounts under the mortgage, we may deduct from any additional principal amount advanced the amount required to pay any outstanding taxes.

If you do not make your tax payments when they are due, then we may, but will not be obligated to, make those payments for you and the amounts paid by us: (i) will be a charge on the property in favour of us in priority to all claims subsequent to the mortgage; (ii) will be payable by you immediately with interest at the actual mortgage rate until paid; and (iii) may, at our option, be added to the loan amount.

15. REPAIRS

You agree to keep the property in a good condition and state of repair and carry out all necessary repairs. You agree not to do, or let anyone else do, anything which lowers the value of the property. You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the property.

If, in our opinion, you do not keep the property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this section 15, then we can make whatever repairs are, in our opinion, necessary. The costs of any inspections and repairs are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the actual mortgage rate.

You authorize us or anyone on our behalf to enter the property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, not to advance to you all or any part of the principal amount or any additional principal amounts, we are not obligated to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount has previously been advanced. However, by signing the mortgage you have charged all of your interest in the property to us and you will pay us, on demand, all of our costs including, without limitation, legal fees (on a solicitor and client basis), title insurance, expenses for investigating title or zoning compliance of the property and for preparing and registering the mortgage.

17. LEASES AND RENTS

If the property is intended to be used as an owner-occupied single-family residential premises, you represent and agree that no part of the property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement or lease of the whole or any part of the property or renew any lease (other than a renewal provided for in any lease) without first obtaining our written approval which we may withhold in our sole discretion. You agree to keep us informed of the status of occupancy.

If the property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect the property. You must obtain our prior written approval for any future leases of the property or for the renewal of any lease (other than a renewal provided for in any lease).

If in the future you decide to lease the whole or any part of the property to another person or persons, you must first obtain our written approval which we may withhold in our sole discretion. If we give our approval, upon our request you will:

a) execute and deliver to us an assignment in registrable form acceptable to us of all leases, lease agreements and their renewals, rents payable under all such leases and lease agreements and all rights thereunder as they affect the property, which assignment may, at our option, include a provision for estoppel certificates from tenants or specific assignments of leases; and
b) give us security on chattels, fixtures and equipment as we may reasonably require,

and you agree to pay all of our expenses including, without limitation, legal fees, registration charges and other costs, relating to such additional security.

If you do not comply with any of your obligations or breach any of your representations under this section 17, at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling the property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount and will bear interest at the actual mortgage rate. You hereby irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

Nothing we do under this section 17 will put us in possession of the property and we are not obliged to collect any rent or income from the property or to comply with any term of any lease or agreement.

Rental of any part of the property without our prior written approval will be considered to have been done to discourage us from taking possession of the property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in the property within the meaning of section 52(1) of the *Mortgages Act*, R.S.O 1990, c. M. 40, as amended or replaced from time to time.

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, you shall forthwith pay the loan amount to us, and all of our rights and remedies pursuant to the mortgage or otherwise available at law shall become exercisable, upon the occurrence of any one or more of the following events of default (any one of which may be referred to in these standard charge terms as a "**default**"):

a) you do not make any payment of principal, interest or other amount required to be made by you under the mortgage;
b) you do not comply with any of your other obligations under the mortgage or the loan agreement, or you breach a covenant that you made in the loan agreement or the mortgage;
c) we discover that any statement, certification, representation, warranty or agreement given or made to us by you or any guarantor in applying for the loan, in the loan agreement or in the mortgage (including, without limitation, any of those contained in section 11) is untrue, inaccurate, incomplete or misleading in any way;
d) any construction lien, conditional sale agreement, notice of security interest, or other lien is registered on title to the property or any lien is created as a result of unpaid property taxes or (if the property is a condominium unit) unpaid common expenses;
e) you default in the observance or performance of any obligation or condition contained in any mortgage, charge, lien or encumbrance to which our mortgage is subject or subordinate;
f) any buildings being erected on or additions, alterations or improvements done to the property remain unfinished without work being done on them for a period of ten consecutive days;
g) all or any part of the property is expropriated;
h) the property is abandoned; or
i) if there is any material adverse change in the value of the property or your financial status or that of any guarantor on which we relied in making any advances under the mortgage.

We have the right to waive or forgive any particular default by you but if we do so we are not waiving or forgiving any other existing default or one or more defaults, which may occur in the future.

19. BUILDING MORTGAGE

If any of the principal amount to be advanced under the mortgage is used to finance an "**improvement**" (meaning any construction, erection or installation on the property or any alteration, addition or repair to or demolition or removal of all or any part of any building, structure or works on the property), you must first obtain our written approval of this before any advances are made under the mortgage. You agree to make the improvement only in accordance with plans and specifications which we have approved in advance in writing and to complete the improvement as quickly as possible.

Subject to section 16, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. We will decide whether advances may be made and when they will be made.

Whatever the purpose of the mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, c. C. 30, as may be amended or replaced from time to time, or any other applicable construction lien legislation have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on the property.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of the property, whether or not we receive any value and we will be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of the property, the remainder of the property will continue to secure the loan amount and your obligations, and those of any guarantor, under the mortgage will continue unchanged. You will pay our then current administration or processing fee for preparing and signing the discharge and all legal and other expenses, whether the discharge is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge on title to the property and to pay the registration costs. If the property is subdivided, each part of the property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE (This section is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by an agreement (in form and substance acceptable to us) with you, with or without any increase in the interest rate or the principal amount. It will not be necessary for us to register the agreement (including any agreement increasing the principal amount or interest rate provided for in the mortgage) on title to the property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to the property after the mortgage at the time any agreement is entered into. However, we are entitled to make any registrations against title as we deem necessary and if requested, you will assist us with any registration we may make. The entering into of any agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such agreement.

22. DUE ON SALE; CHANGE OF CONTROL

If you transfer title to the property to anyone or agree to do so, or if you change the effective voting control of any borrower which is a corporation or agree to do so, without first obtaining our written approval, the loan amount will, at our option, immediately become due and payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

You or the proposed purchaser, grantee or transferee shall execute and deliver to us an assumption agreement (in form and substance satisfactory to us and prepared at your expense) wherein such purchaser, grantee or transferee agrees to personally assume all of your obligations under the mortgage, and you or such purchaser, grantee or transferee shall provide us with a copy of the registered Transfer/Deed of Land to such purchaser, grantee or transferee together with a guarantee agreement(s) (if required by us); and if any of this is not done, then, at our option, the loan amount shall forthwith become due and payable.

No change of ownership of the property or any part thereof or other dealing by you with the property or any part thereof shall in any way change your liability or affect, alter or prejudice our rights against you or any other person liable for payment of the loan amount hereby secured.

23. CERTAIN ACTIONS WE CAN TAKE

If we think it is necessary, we can, but are not required to, pay any Other Claims that have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee under a lease of the property, we can, but are not required to, cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not required to, perform those obligations. Where you are a tenant or lessee of the property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal will be subject to the mortgage. You must immediately reimburse us for all payments that we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage and any expenses incurred by us (including, without limitation, our legal expenses) in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations in accordance with the mortgage, which are not immediately reimbursed to us will be added to the loan amount and such payments will be charged interest at the actual mortgage rate from the date we pay them. Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the actual mortgage rate.

If we have not received a solicitor's final title opinion and report within 90 days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

24. ENVIRONMENTAL MATTERS

You agree that we or our agents (or agents of CMHC if this is a CMHC insured mortgage) may at any time before or after default and for any reason enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or CMHC consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the actual mortgage rate chargeable under the mortgage, will be immediately payable by you and will be a charge on the property. None of us, CMHC, our agents and the agents of CMHC will become mortgagee in possession of the property or have management or control of the property by exercising these rights.

25. ENFORCING OUR RIGHTS

a) Remedies

If you do not make any payment when required under the mortgage (including without limitation payment of the loan amount if accelerated under section 18), or do not comply with any of your other obligations under the mortgage, or if a default (as defined in section 18) occurs under the mortgage, we may enforce any one or more of the remedies listed below in any order, separately or together to the extent that such remedies are available in the Province of Ontario.

Our remedies are:

i. **Commence an Action** - We may take court proceedings or such other action as we deem necessary to collect the loan amount or obtain possession of the property.

ii. **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to the property. If we obtain a final order of foreclosure from the court, the property will become ours. We may also ask the court to order the sale of the property under its supervision. If the net amount we receive from the sale of the property is less than the loan amount, you must pay us the difference. We may also ask the court to order the sale of the property under its supervision. If the net amount we receive from the sale of the property is less than the loan amount, you must pay us the difference.

iii. **Lease the Property** - If your default continues for 15 days, we may, on 15 days' notice to you, enter on and lease the property; if your default continues for 30 days we may, without notice to you, enter on and lease the property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds of any lease are less than the loan amount, you must pay us the difference.

iv. **Power of Sale** - If your default continues for 15 days we may, on at least 35 days' written notice to you delivered in accordance with the *Mortgages Act* (Ontario), R.S.O. 1990, c. M. 40, as amended or replaced from time to time, enter on and sell the whole or any part of the property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may in our sole discretion cancel, amend or not complete any contract of sale without being responsible for any resulting loss. The net proceeds from any sale of the property will be applied to reduce the loan amount.

v. **Enter on the Property** - We can enter on the property at any time without your permission and make any necessary arrangements to inspect, collect rents or manage the property or repair or complete construction of any building or other improvement on the property. Any costs we incur will be added to the loan amount and will bear interest at the actual mortgage rate.

vi. **Appoint a Receiver** - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from the property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any monies received by the receiver except to the extent that we actually receive any such monies. The receiver may use every remedy which we have under the mortgage to collect the income from the property, take possession of the whole or part of the property, manage the property and keep it in good condition. From the income collected, the receiver may pay all rents, taxes, rates, insurance premiums and other expenses required to keep the property in good condition, his own commission as receiver, all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing, interest owing under the mortgage and all or any part of the loan amount whether or not it is due.

vii. **Possession** - We can take possession of the property at any time, without permission, and take all necessary action to recover and keep possession of the property. We will not be considered to be a mortgagee in possession unless we actually take possession of the property. We may lease or sell the property without actually entering into possession of the property but when we wish to take possession we may break locks and bolts and while in possession we will only be accountable for monies actually received by us.

viii. **Distress** – Subject to applicable laws, we may distrain for payment of amounts owing under the mortgage, against the property or any part of it and all chattels situated thereon and recover by way of rent reserved as in the case of a demise of the property, the amounts in arrears and all costs and expenses incurred in such distress. You waive the right to claim exceptions and agree that we shall not be limited in the amount for which we may distrain.

ix. **Cure any Defaults** – We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

x. **Assignment of Rents** – You assign to us all rents from the property. This assignment will take effect upon a default under the mortgage.

b) Notice

Notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice of sale shall not be required by law or to the extent that any notice requirements shall not be applicable, notice may be effectually given by leaving it with a person on the property, if occupied, or by placing the same on some portion thereof, if unoccupied, or at our option, by mailing it by registered mail addressed to you at your last known address, or by publishing it once in a newspaper published in the area or region in which the property is situated.

c) Proceeds of Sale or Lease

The proceeds of any sale or lease shall be applied firstly in payment of any costs (including legal fees on a solicitor and his or her own client basis), expenses, commissions and fees which may be incurred in taking, recovering, keeping possession of, maintaining and preserving the property or in making any sale of lease of the property (as the case may be), the amount of Other Claims as we are required to pay or deem necessary to be paid, charges, mortgages or encumbrances ranking in priority to this mortgage, leases and conveyances as aforesaid or by reason of non-payment or procuring payment of any amounts owing under the mortgage (including sums which we have paid for taxes, insurance, repairs, maintenance, utilities, common expenses and other amounts added thereto or payable by you to the condominium corporation if the property is or includes a condominium unit); and thereafter to reduce the loan amount in the manner determined by us in our sole discretion and, for greater certainty, you shall continue to be liable for and shall pay to us any portion of the loan amount which then remains unpaid.

d) No Interference

If, in enforcing any of our remedies, we take possession of the property, neither you nor any person claiming an interest in the property through you will interfere with our possession, with the possession of any receiver we may appoint or with the possession of any person to whom the property is leased or sold and you will not make any claim against any person to whom the property may be leased or sold.

e) Our Expenses

You agree to pay immediately upon our request all of the expenses which we incur in collecting any payment under the mortgage that you did not make when due, in enforcing your other obligations in accordance with the mortgage, and in enforcing any of our remedies. These expenses include our legal fees on a solicitor and client basis and disbursements, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees. Any such expenses which are not immediately reimbursed to us will be added to the loan amount and will be charged interest at the rate specified in the registered document from the date we pay them.

f) Delay in Enforcement

Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations, require payment of the loan amount if you are in default and require any other person including, without limitation, a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payments unless you also give us interest to the date of subsequent payment.

g) Judgments

If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not operate as a merger of any covenant of the mortgage and will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage. Until the loan amount is paid in full, interest is payable on the loan amount in accordance with the mortgage.

h) No Prejudice from Failure to Enforce Our Rights

A failure by us to enforce at any time or from time to time any of our rights under the mortgage will not prejudice our rights or any other rights that we have under the mortgage or at law. No performance or payment by us in respect of any breach or default by you under the mortgage will relieve you from any default under the mortgage, and no waiver at any time or from time to time of any such rights by us will prejudice such rights in the event of any future default or breach.

26. CONDOMINIUM

If the property is a condominium unit, you agree to comply with the provisions of this section 26 in addition to the other provisions of the mortgage other than section 13.

The corporation created by the registration of a declaration under the *Condominium Act*, R.S.O 1990, c. C. 26 (as amended or replaced from time to time) or the *Condominium Act*, S.O. 1998, c. 19 (as amended) is called the "**condominium corporation**".

a) Compliance with the Condominium Act

You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

b) Payment of Common Expenses and Other Costs

You will pay all amounts required by the *Condominium Act*, and by the declaration and the by-laws of the condominium corporation on or before the date they are due and, if we request, give us proof that you have done so. You must pay common expenses, contributions, levies or assessments. If you do not make any payments which you are obligated to pay, we may (but are not obligated to) do so on your behalf and add such amounts to the loan amount and such amounts will bear interest at the actual mortgage rate and you will be in default under the mortgage.

c) Notices and Demands

You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least five days before any claim or demand is payable or, in the case of other communications, within five days of the date you receive them.

d) Voting Rights

You irrevocably authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* and under the declaration and by-laws of the condominium corporation to vote at any meeting of the condominium corporation and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent. Our wish not to vote or consent can be for a limited period of time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

e) Acceleration of Repayment of Loan Amount

At our option, the loan amount will become payable immediately if:

- i. government of the property of the condominium corporation under the *Condominium Act* is terminated;
- ii. a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- iii. the condominium corporation fails to comply with the *Condominium Act*, declaration, by-laws or rules and regulations;
- iv. the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair;
- v. the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost, or fails to do all that is necessary to collect insurance proceeds;
- vi. the condominium corporation makes any substantial modification to the common elements or the corporation's assets without our approval; or
- vii. there has been substantial damage to the property of the condominium corporation and the owners have voted for termination of the condominium corporation.

Our rights to cause the loan amount to become payable immediately will not be affected by the fact that we may have voted in favour of or consented to any of the foregoing.

f) Insurance

If the property is a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property, including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property not required to be insured by the condominium corporation as determined by the *Condominium Act* or the declaration of the condominium corporation on the property for not less than their full replacement value in Canadian dollars.

Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure against loss or damage by fire with extended perils coverage and against such additional risks as we may at any time require all improvements or those improvements required by the *Condominium Act* or by-laws of the condominium corporation which at any time have been made to the property.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the actual mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not including, without limitation, an amount to compensate us for loss of interest.

You will, and to the extent it is within your control will cause the condominium corporation to, assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation fails to keep the buildings and improvements insured or provide us at least 15 days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

27. INSPECTION

If we, CMHC (if this is a CMHC insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC or our respective agents may, at any time, before or after default, enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or CMHC consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the actual mortgage rate, will be immediately payable by you and shall be a charge on the property. Neither we, CMHC nor our respective agents will become a mortgagee in possession, management or control by exercising these rights.

28. EXPROPRIATION

If the entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of the property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of the property does not constitute adequate security for the loan amount, then, at our option, all of the loan amount, or such part of the loan amount as we determine in our sole discretion, will immediately become due and payable together with loss of interest.

We have the right to order a survey and/or property valuation of the property in order to ascertain the value of the expropriated land and the remaining land. Any and all reasonable costs, charges and expenses for such survey and/or property valuation will be added to the loan amount and will bear interest at the actual mortgage rate, and will be a charge on the property under the security of the mortgage.

29. GUARANTEE

In consideration for us making a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor covenants and agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when, and in the manner, required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage at the times and in the manner provided in the mortgage. Each guarantor, if there is more than one, will be jointly and severally liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with the mortgage or any other security we may hold (including, without limitation, releasing, realizing on or replacing any security), deal with the property, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower either before or after requiring payment from any person without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor will also be those of the guarantor's successors and will not be altered by the bankruptcy of the borrower or any guarantor. Each guarantor agrees that the guarantor has read the mortgage and is fully aware of its terms and in particular the terms of this section 29.

30. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

31. DISCHARGE OF MORTGAGE

Upon maturity or early full payment of this mortgage, a discharge or assignment, if requested by you, will only be delivered upon full payment being received by us in accordance with our latest issued and current discharge statement. For purposes of calculating per diem interest on a discharge, funds received after 3:00 p.m. on any business day shall be deemed to have been received on the next following business day. We further reserve the right to refuse a discharge or transfer of the mortgage until any charges or returned cheque amounts arising after the discharge statement is issued are also fully paid to us.

You will pay our then current administration or processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on title to the property and to pay the registration fee. If electronic registration is available for the mortgage, we may register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

32. FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, discharges, amending or other agreement, statements for information purposes, any fees referred to in subsection 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of the mortgage. You agree that we may add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the actual mortgage rate.

The amount of such fees in effect at any time is available by contacting us at the telephone number set out in the loan agreement, or such other telephone number as we may advise you of from time to time.

33. FAMILY LAW ACT

You certify to us that all information which you gave us about your marital status and the property when applying for the loan secured by the mortgage, and the statements made herein and in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act,* R.S.O., 1990, c. F.3, as amended or replaced from time to time.

34. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

35. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, and subject to the provisions of section 10, the date of the mortgage will be deemed to be the interest adjustment date set out in the mortgage, regardless of the date of signature that appears in the registered document.

36. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. O.31, as amended or replaced from time to time, applies to the property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

37. WHO IS BOUND; INTERPRETATION

Every reference in this document to a party hereto shall extend to and include the successors and assigns of such party. The mortgage shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto. If more than one person signs the mortgage as borrower, then all persons who sign as borrower are jointly and severally liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes. Words in the singular include the plural and words in the plural include the singular.

38. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

39. SECTION HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

40. NATIONAL HOUSING ACT

All CMHC insured mortgages are made pursuant to the *National Housing Act* (Canada), R.S.C. 1985 c. N-8, as amended or replaced from time to time, and the regulations thereunder, as amended or replaced from time to time. If there is any conflict between any provision of the mortgage and any requirement of the said *National Housing Act* (Canada) or any regulations thereunder, any latter requirement shall govern.

41. GOVERNING LAW

These standard charge terms and the mortgage will be governed by the laws of the Province of Ontario.

42. MAKING MATERIAL CHANGE

Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the mortgage term will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not agree to the changes in writing.

43. ELECTRONIC REGISTRATION

The delivery of the registered document for registration by direct electronic transfer shall have the same effect for all purposes as if the registered document were in written form, signed by the parties thereto and delivered to us. Each borrower and, if applicable, the spouse of each borrower and any other party to the mortgage agrees not to raise in any proceeding by the lender to enforce the mortgage any want or lack of authority on the part of the person delivering the registered document for registration to do so.

Dated the 7TH day of APRIL, 2005.

ICICI Bank Canada

Per: AKnel
Anthony Nelson
Vice President, Chief Credit and Risk Officer

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200517 Cote

NORTHERN CREDIT UNION LIMITED

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed By: Northern Credit Union Limited
Filing No: ____________________
Filing Date: ____________________

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200518 Cote
Filing Date APRIL 21st 2005 Date de Dépôt
Page 1 of/de 18 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

The following set of standard charge terms shall be deemed to be included in every Charge in which this set of standard charge terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act.

1. DEFINITIONS

(a) General Definitions

The following definitions shall apply to a Charge whether a Form 2 Charge or an ERS Charge:

(i) "Additional Principal Amounts" means any additional principal amounts advanced by the Chargee to the Chargor, at the Chargee's option, from time to time under the Charge;

(ii) "Adjusted Posted Rate" means the Posted Rate, on the date of the prepayment, for charges with a term similar to the period remaining in the Term and having the same prepayment privileges as the Charge, less the amount, if any, by which the Charge Rate was reduced below the Posted Rate applicable on the date the Charge took effect for charges having the same term and prepayment privileges as the Charge;

(iii) "Charge" means a Form 2 Charge or an ERS Charge in which this set of standard charge terms is deemed to be included pursuant to the Land Registration Reform Act and includes any schedules attached to it, any additional provisions contained in it, any renewals or extensions thereof, amendments thereto, and includes this set of standard charge terms;

(iv) "Charge Rate" has the meaning given to it in paragraphs 5(a) or 5(b) of these standard charge terms, as applicable;

(v) "Charged Premises" means the lands and premises described in the Charge, including all improvements thereto and all fixtures forming a part thereof;

(vi) "Condominium Act" means the *Condominium Act*, S.O. 1998, c. 19, as amended or replaced from time to time;

(vii) "Condominium Corporation" means the condominium corporation created by the registration pursuant to the Condominium Act of a Declaration in which a portion of the lands described in the Declaration are the Charged Premises;

(viii) "Declaration" means the declaration which, together with a description, was registered pursuant to the Condominium Act thereby creating the Condominium Corporation, as same may be amended from time to time;

(ix) "ERS Charge" means a charge in an electronic format registered electronically pursuant to the provisions of Part III of the Land Registration Reform Act and the regulations made pursuant thereto;

(x) "Form 2 Charge" means a Charge/Mortgage of land registered using a paper based system of registration pursuant to the provisions of Part I of the Land Registration Reform Act and the regulations made pursuant thereto;

(xi) "Land Registration Reform Act" means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, as amended or replaced from time to time;

(xii) "Lease" has the meaning given to it in section 16 of these standard charge terms;

(xiii) "Loan to Value Ratio" means the ratio of the Principal Amount to the lesser of: (i) the purchase price paid by the Chargor to acquire the Charged Premises; or (ii) the value of the Charged Premises on the date the Charge takes effect. The value of the Charged Premises shall be determined by the Chargee in its sole discretion;

(xiv) "NHA" means the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time;

(xv) "Outstanding Principal Amount" means the aggregate of the portion of the Principal Amount and the portion of any Additional Principal Amounts that are outstanding from time to time under the Charge;

(xvi) "Posted Rate" means the annual interest rates determined from time to time by the Chargee applicable to fixed rate residential mortgage loans in Ontario which rates vary depending upon the term and other features of the applicable mortgage loan;

(xvii) "Renting" means permitting occupancy of the whole or any part of the Charged Premises by a Tenant by way of rental, lease or other agreement whether oral or written;

(xviii) "Prime Rate" means the annual rate of interest determined from time to time by the Chargee as the rate then in effect for Canadian dollar commercial loans;

(xix) "Reversion" has the meaning given to it in paragraph 16(b) of these standard charge terms;

(xx) "Taxes" means all municipal taxes, school taxes and local improvement rates chargeable against the Charged Premises;

(xxi) "Tenant" shall be one or more persons as defined in the *Tenant Protection Act*, S.O. 1997, c.24 as amended or replaced from time to time; and

(xxii) "Term" means the period of time from the Interest Adjustment Date to the maturity date of the Charge.

(b) **Definitions for Form 2 Charge**

If the Charge is a Form 2 Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" means the date indicated in Box 9(i);

(ii) "Box" means a box contained in the Form 2 Charge in which the names of parties to and the terms of the Form 2 Charge may be indicated;

(iii) "Chargee" means the party referenced in Box 14;

(iv) "Chargor" means the party referenced in Box 11;

(v) "Covenantor" has the meaning given to it in section 37 of these standard charge terms;

(vi) "First Payment Date" means the date indicated in Box 9(f);

(vii) "Fixed Rate Mortgage" means a Charge which is stated to be a Fixed Rate Mortgage in Box 10;

(viii) "Interest Adjustment Date" means the date indicated in Box 9(d);

(ix) "Last Payment Date" means the date indicated in Box 9(g);

(x) "Maximum Rate" means the interest rate per annum indicated in Box 10 which rate will be the maximum interest rate payable during the term of the Charge;

(xi) "*Northern Carefree Mortgage*" means a Charge which is stated to be a Northern Carefree Mortgage in Box 10;

(xii) "Open Mortgage" means a Charge which is stated to be an Open Mortgage in Box 10;

(xiii) "Payment Amount" means the dollar amount of money indicated in Box 9(h);

(xiv) "Principal Amount" means the dollar amount of money indicated in Box 4;

(xv) "Rate" means the interest rate expressed in words and/or numbers in Box 9(b); and

(xvi) "Variable Rate Mortgage" means a Charge which is stated to be a Variable Rate Mortgage in Box 10.

(c) **ERS Charge Definitions**

If the Charge is an ERS Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" means the date indicated in the Computer Field entitled "Balance Due Date";

(ii) "Chargee" means the party indicated in the Computer Field entitled "Chargee";

(iii) "Chargor" means each and every party indicated in the Computer Field entitled "Chargor(s)";

(iv) "Computer Field" means a computer data entry field in an ERS Charge into which the names of the parties to and the terms of an ERS Charge may be indicated;

(v) "First Payment Date: means the date indicated in the Computer Field entitled "First Payment Date";

(vi) "Fixed Rate Mortgage" means a Charge which is stated to be a Fixed Rate Mortgage in the Computer Field entitled "Additional Provisions";

(vii) "Interest Adjustment Rate" means the date indicated in the Computer Field entitled "Interest Adjustment Date";

(viii) "Last Payment Date" means the date indicated in the Computer Field entitled "Last Payment Date";

(ix) "Maximum Rate" means the interest rate per annum indicated in the computer Field entitled "Additional Provisions" which rate is stated to be the Maximum Rate;

(x) "*Northern Carefree Mortgage*" means a Charge which is stated to be a Northern Carefree Mortgage in the Computer Field entitled "Additional Provisions"

(xi) "Open Mortgage" means a Charge which is stated to be an Open Mortgage in the Computer Field entitled "Additional Provisions";

(xii) "Payment Amount" means the dollar amount of money indicated in the Computer Field entitled "Payment";

(xiii) "Principal Amount" means the dollar amount of money indicated in the Computer Field entitled "Principal";

(xiv) "Rate" means the interest rate expressed in words and/or numbers indicated in the Computer Field entitled "Rate"; and

(xv) "Variable Rate Mortgage" means a Charge which is stated to be a Variable Rate Mortgage in the Computer Field entitled "Additional Provisions".

2. FREEHOLD CHARGE

If the Chargor named in the Charge has a fee simple interest in the Charged Premises, the following paragraph applies to the Charge:

The Chargor named in the Charge of which this set of standard charge terms forms a part by reference to its filing number in such Charge charges the Charged Premises with the payment to the Chargee of the principal and interest and all other monies secured by the Charge upon the terms set out in the Charge.

3. PRINCIPAL AMOUNT SECURED

The amount of principal money secured by the Charge is the Principal Amount, plus Additional Principal Amounts, if any, advanced by the Chargee. The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the amount of the initial advance or advances made by the Chargee, less the principal amount repaid by the Chargor, plus Additional Principal amounts, if any) may not exceed the Principal Amount.

4. DATE OF CHARGE

The Charge shall be deemed to be dated, if the Charge is an ERS Charge, as of the date of delivery for registration of the ERS Charge and, if the Charge is a Form 2 Charge, as of the date of signature of the first named Chargor unless, in either case, as otherwise specifically provided.

5. CHARGE RATE

The rate of interest chargeable upon the Principal Amount, any Additional Principal Amounts and all other amounts payable under the Charge shall be:

(a) For Fixed Rate Mortgages

(i) if the Charge is an ERS Charge, the percentage per annum indicated in the Computer Field entitled "Rate"; or

(ii) if the Charge is a Form 2 Charge, the percentage per annum indicated in Box 9 (b), (such rate of interest being hereinafter referred to as the "Charge Rate") in either case, calculated half-yearly not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(b) For Variable Rate Mortgages and *Northern Carefree Mortgages*

(i) if the Charge is an ERS Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in the Computer Field entitled "Rate", plus or minus the number of percentage points per annum, if any, indicated in the Computer Field entitled "Rate"; or

(ii) if the Charge is a Form 2 Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in Box 9(b), plus or minus the number of percentage points, per annum, if any, indicated in Box 9(b), (such rate of interest is hereinafter referred to as the "Charge Rate"), in either case, payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

If the Charge is a Variable Rate Mortgage or a *Northern Carefree Mortgage*, the Charge Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Charge Rate will always be the Prime Rate plus or minus the number of percentage points per annum, if any, indicated either in the Computer Field entitled Rate of an ERS Charge or in Box 9(b) of a Form 2 Charge, as applicable, payable monthly and calculated monthly not in advance. If the Charge is a *Northern Carefree Mortgage*, the Charge Rate shall not exceed the Maximum Rate payable monthly and calculated monthly, not in advance.

The Charge Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in Section 11 of these standard charge terms.

6. DEFEASANCE

(a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

(b) The Charge shall be void upon the Chargor paying to the Chargee the Principal Amount with interest thereon at the Charge Rate, calculated half-yearly not in advance as well after as before maturity and both before and after default and judgment until paid and upon the Chargor paying all other amounts secured by the Charge and observing all covenants contained in the Charge as follows:

(i) interest at the Charge Rate on the portion of the Principal Amount from time to time advanced, computed from the respective dates of such advances up to and including the Interest Adjustment Date, shall become due and be paid on the Interest Adjustment Date, provided that, the Chargee, at its option, may require the aforesaid interest, computed from the date of each such advance to become due and payable in monthly instalments commencing on the same day of the month next following the date of the first advance, and on the same day of each month thereafter, and the balance, if any, of the aforesaid interest on advances will become due and be paid on the Interest Adjustment Date. At the option of the Chargee, interest so due and payable may be deducted from any such advances;

(ii) the Principal amount advanced, together with interest thereon at the Charge Rate computed from the Interest Adjustment Date, or if this Charge is indicated to be payable in instalments of interest only until the end of the Term, such interest only, will become due and be paid by equal consecutive monthly instalments each in the amount of the Payment Amount, the first of such instalments to become due and be paid on the First Payment Date and a like amount on the same day of each consecutive succeeding month thereafter up to and including the Last Payment Date;

(iii) the Outstanding Principal Amount and interest thereon will become due and be paid on the Balance Due Date;

(iv) any Additional Principal Amounts advanced from time to time with interest thereon at the Charge Rate shall be paid at the time and in the manner agreed to by the Chargor and the Chargee in writing; and

(v) upon the Chargor paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge.

7. APPLICATION OF INSTALMENT PAYMENTS

(a) Application of Instalments

The instalments payable under the Charge are to be applied firstly to life and/or disability insurance premiums payable by the Chargor in respect of the Charge, if any, secondly to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the Charge, including tax accounts, if any, thirdly to interest at the Charge Rate on the Outstanding Principal Amount, and unless the Charge is indicated to be payable with instalments of interest only until the end of the Term, the balance of the instalments shall be applied on account of the Outstanding Principal Amount. If the Chargor has defaulted under the Charge, then the Chargee may apply any payments received during the period of default in whatever order it may elect as between the outstanding Principal Amount, interest, taxes, repairs, insurance premiums or any other amounts payable by the Chargor under the Charge.

(b) Increase of Instalment Payment

If the Charge is a Variable Rate Mortgage or a *Northern Carefree Mortgage*, then although the Payment Amount is fixed under the terms of the Charge, the respective portions of interest and principal which comprise each instalment may vary as the Prime Rate varies and, therefore, the Charge Rate payable under the Charge varies. As a result, if the Prime Rate declines, a larger portion of any instalment will be applied against the Outstanding Principal Amount, thus accelerating the reduction of the Outstanding Principal Amount. Conversely, if the Prime Rate increases, a larger portion of any instalment will be applied against accrued interest, thus delaying the reduction of the Outstanding Principal Amount. If the Charge is not in default and a regularly scheduled instalment payment is not sufficient to pay all accrued interest on the Outstanding Principal Amount, the Chargor agrees that the Chargee may, without notice to the Chargor, increase the amount of the instalment payment in increments of one dollar, until the instalment payment amount is sufficient to pay all interest that has accrued from the last instalment date up to and including the date of the payment. The amount so paid shall become the new instalment payment amount until such time as the Chargee and Chargor may agree to a different instalment payment amount or the instalment amount is again increased in accordance with the terms hereof.

8. DEFAULT INTEREST COMPOUNDED

It is agreed that if default is made in the payment of any amount to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next instalment payment date after the date of default a rest shall be made, and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises and shall be secured by the Charge.

9. ADDITIONAL PRINCIPAL AMOUNTS

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor from time to time, at the Chargee's option and subject to any restrictions imposed from time to time for NHA mortgages, may borrow Additional Principal Amounts, in which event, the Charge will remain as security for all Outstanding Principal Amounts, interest and other amounts from time to time owing by the Chargor to the Chargee whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only the aggregate of the portion of the Principal Amount then outstanding plus any Additional Principal Amounts then outstanding not exceeding the Principal Amount, together with any accrued interest or compound interest at the Charge Rate on such amounts. Upon repayment in full of the Principal Amount and any Additional Principal Amounts, the Chargee shall be entitled to discharge the Charge without notice to the Chargor.

10. PREPAYMENT PRIVILEGES

(a) Fixed Rate Mortgages

If the Charge is a Fixed Rate Mortgage repayable in blended instalments of principal and interest, the Chargor when not in default under the Charge, may:

(i) at any time during the Term prepay the whole or any part of the Outstanding Principal Amount upon payment of the greater of (a) three (3) months' bonus interest at the Charge Rate, or (b) interest for the remainder of the Term at a rate of interest equal to the extent, if any, by which the Charge Rate exceeds the Adjusted Posted Rate. In either case, the bonus interest is calculated on the portion of the Outstanding Principal Amount prepaid.

If the Term is greater than five (5) years, the Chargor may prepay the Outstanding Principal Amount and any other amounts, including interest, due under the Charge, at any time after the end of the fifth year of the Term, upon payment of three (3) months' bonus interest at the Charge Rate;

(ii) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, prepay on any instalment payment date without notice or bonus, a portion of the Outstanding Principal Amount not exceeding twenty percent (20%) of the Principal Amount. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative;

(iii) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, elect to increase the regular instalments by any additional amount not exceeding twenty percent (20%) of the instalment being paid immediately prior to such increase, such increase to commence on the payment date specified in such written notice. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

(iv) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, on any regular instalment payment date, elect to increase the regular loan instalment payment by an additional amount not exceeding one-hundred percent (100%) of the original loan instalment payment under this Charge. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

(b) Variable Rate Mortgages

If the Charge is a Variable Rate Mortgage, the Chargor, when not in default under the Charge, may on any payment date prepay the whole or any part of the Outstanding Principal Amount, without notice or bonus.

(c) *Northern Carefree Mortgages*

If the Charge is a *Northern Carefree Mortgage*, the Chargor, when not in default under the Charge, may:

(i) at any time during the Term prepay the whole or any part of the Outstanding Principal Amount upon payment of three (3) months' bonus interest at the Maximum Charge Rate calculated on the portion of the Outstanding Principal Amount prepaid;

(ii) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, prepay on any instalment payment date, without notice or bonus, a portion of the Outstanding Principal Amount not exceeding twenty percent (20%) of the Principal Amount. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative;

(iii) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, elect to increase the regular instalments by any additional amount not exceeding twenty percent (20%) of the instalment being paid immediately prior to such increase, such increase to commence on the payment date specified in such written notice. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

(iv) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, on any regular instalment payment date, elect to increase the regular loan instalment payment by an additional amount not exceeding one-hundred percent (100%) of the original loan instalment payment under this Charge. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

11. EQUIVALENT INTEREST RATES

Set out below is a table of equivalent interest rates. This information is provided for disclosure purposes only and does not affect the calculation of interest under a Variable Rate Mortgage or *Northern Carefree Mortgage* which are calculated in accordance paragraph 4(b) of these standard charge terms. The following table sets out interest rates calculated half yearly, not in advance, which are equivalent to interest rates calculated monthly not in advance.

The following formula using the current rate may be used to determine the amount of interest accrued on the principal sum in the payment period.

Principal amount owing after last payment	**X**	**Current mortgage Rate**	**X**	**Number of days during payment period on which current mortgage rate was chargeable**
				Number of days in the year

Assuming the following:

(a)	Principal amount owing after last payment	$92,550
(b)	Current Mortgage Rate	9%
(c)	Monthly Installment	$ 827.97
(d)	Number of days during the payment period	30 days

The formula set our above can be used to determine the interest which accrued on the principal sum during the period.

$92,550	X	9%	X	30	=	$684.62
				365		

The monthly installment ($827.97) is applied firstly to payment of accrued interest ($684.62) leaving a balance of $143.35 to reduce the principal.

The following information is provided to you since the current interest rate may be expected to change from time to time. For each current mortgage rate (calculated monthly not in advance) set forth, the adjacent column sets forth the equivalent interest rate calculated semi-annually not in advance.

CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
3.000	3.01881	8.000	8.13452	13.000	13.35721
3.125	3.14542	8.125	8.26378	13.125	13.48916
3.250	3.27208	8.250	8.39310	13.250	13.62118
3.375	3.39882	8.375	8.52249	13.375	13.75327
3.500	3.52562	8.500	8.65195	13.500	13.88543
3.625	3.65249	8.625	8.78147	13.625	14.01766
3.750	3.77942	8.750	8.91106	13.750	14.14995
3.875	3.90642	8.875	9.04072	13.875	14.28231
4.000	4.03348	9.000	9.17045	14.000	14.41474
4.125	4.16061	9.125	9.30024	14.125	14.54724
4.250	4.28781	9.250	9.43010	14.250	14.67981
4.375	4.41507	9.375	9.56002	14.375	14.81244
4.500	4.54240	9.500	9.69002	14.500	14.94514
4.625	4.66979	9.625	9.82008	14.625	15.07791
4.750	4.79725	9.750	9.95021	14.750	15.21075
4.875	4.92478	9.875	10.08040	14.875	15.34366
5.000	5.05237	10.000	10.21066	15.000	15.47664
5.125	5.18003	10.125	10.34099	15.125	15.60968
5.250	5.30776	10.250	10.47139	15.250	15.74279
5.375	5.43555	10.375	10.60185	15.375	15.87597
5.500	5.56341	10.500	10.73238	15.500	16.00922
5.625	5.69133	10.625	10.86298	15.625	16.14254
5.750	5.81932	10.750	10.99365	15.750	16.27593
5.875	5.94738	10.875	11.12438	15.875	16.40939
6.000	6.07550	11.000	11.25519	16.000	16.54291
6.125	6.20369	11.125	11.38605	16.125	16.67650
6.250	6.33195	11.250	11.51699	16.250	16.81016
6.375	6.46027	11.375	11.64800	16.375	16.94389
6.500	6.58866	11.500	11.77909	16.500	17.07769
6.625	6.71711	11.625	11.91021	16.625	17.21156
6.750	6.84564	11.750	12.04141	16.750	17.34550
6.875	6.97423	11.875	12.17269	16.875	17.47950
7.000	7.10288	12.000	12.30403	17.000	17.61358
7.125	7.23160	12.125	12.43544	17.125	17.74772
7.250	7.36039	12.250	12.56692	17.250	17.88193
7.375	7.48925	12.375	12.69846	17.375	18.01621
7.500	7.61817	12.500	12.83008	17.500	18.28498

7.625	7.74716	12.625	12.96176	17.625	18.28498
7.750	7.87621	12.750	13.09351	17.750	18.41947
7.875	8.00534	12.875	13.22533	17.875	18.55403

12. SKIP PAYMENT OPTION

Subject to any restrictions imposed from time to time for NHA mortgages, once in each twelve (12) month period commencing from the Interest Adjustment Date or the anniversary thereof, a Chargor may upon giving prior notice in writing to the Chargee, skip a monthly instalment under the Charge. The Chargor may repay the amount of any skipped instalment at any time during the term without bonus or penalty. If the Chargor skips an instalment pursuant to this subparagraph, the Chargor must nonetheless make any payment to the Chargee that is required for taxes and life and/or disability insurance premiums. The amount of the interest portion of all skipped instalments will be added to the Outstanding Principal Amount, and will form a charge on the Charged Premises and will bear interest at the Charge Rate.

13. CASH BACK PAYMENTS

If the Chargor prepays the whole of the outstanding principal amount or the Charge Rate and/or the Term is/are amended at the request of the Chargor, in addition to any other bonus or penalty payable under the Charge, if a Chargor has received a cash back payment from the Chargee, the Chargor shall repay that portion of the cash back payment equal to the number of months in the term, multiplied by the number of months remaining at the time of prepayment in full or amendment of the Charge.

14. REALTY TAXES

It is agreed between the Chargor and the Chargee that:

(a) The Chargee may deduct from the final advance of the principal amounts secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date and are unpaid at the date of such final advance.

(b) After the Interest Adjustment Date, the Chargor shall pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment of taxes.

(c) Where the period between the Interest Adjustment Date and the next following annual due date or first instalment date for taxes is less than one year the Chargor shall pay to the Chargee in equal monthly instalments, during such period and during the next succeeding 12 month period, an amount estimated by the Chargee to be sufficient to pay, on or before the expiration of the said 12 month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 month period expires; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed the estimated amount.

(d) Except as provided in Section 14(c) the Chargor shall, in each and every month, pay to the Chargee one-twelfth of the amount (as estimated by the Chargee) of the taxes next becoming due and payable. The Chargor shall also pay to the Chargee, on demand, the amount, if any, by which the actual taxes exceed the estimated amount.

(e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes at a rate per annum, and at such times, as the Chargee may determine in its sole discretion. The Chargor shall be charged interest at the Charge Rate, on the debit balance, if any of taxes in the charge account outstanding after payment of taxes by the Chargee, until the debit balance is fully repaid.

(f) The Chargor shall reimburse the Chargee, on demand, for any fees paid or charges incurred by the Chargee to a municipality or other tax authority from time to time in connection with the administration of the tax account, including any fees or charges for the obtaining of information or searches or certificates in respect thereof, or the payment of taxes in any manner and the Chargor authorizes the Chargee to deduct the amount of such fees or charges from the tax account.

The Chargee agrees to apply such deduction and payments on the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor further covenants and agrees to transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.

Notwithstanding the foregoing, the Chargee may elect not to require payment of taxes to it in which case the Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

15. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby, covenant, promise and agree to and with the Chargee, as follows:

(a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount, Additional Principal Amounts and any other amounts secured by the Charge with interest at the Charge Rate at the times and in the manner limited for payment thereof, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay.

(b) Good Title

If the Charge is a charge of a fee simple estate, that the Chargor, at the time of execution and delivery of the Charge, in the case of a Form 2 Charge, or at the time of delivery for registration, in the case of an ERS Charge, is and stands solely, rightfully and lawfully seized of a good, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee, in the manner set out in the Charge.

(d) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizance and of any other charges or encumbrances whatsoever.

(e) Further Assurances

That from and after default in the payment of any amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for the Chargor, shall and will, from time to time, and at all times thereafter, make, do, suffer, execute, deliver, authorize and register or cause or procure to be made, done, suffer, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the Charged Premises or the lands and premises intended to be charged by the Charge, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever.

(g) Insurance

(i) That the Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils or any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the Charged Premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a copy of the Charge, if the Charge is a Form 2 Charge, or a printed copy of the Charge if the Charge is an ERS Charge, shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the

Chargee; and any insurance monies received may, at the option of the Chargee, be applied to rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge on account of the amounts secured by this Charge or any part thereof whether due or not then due.

(ii) If the Charged Premises are part of a condominium the insurance provisions set out in paragraph 15(g)(i) above will not apply and the following will apply to the Charge:

And that the Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the lands described in the Declaration and which may hereafter be erected thereon, both during erection and thereafter all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils or any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor and the Condominium Corporation with forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Charge to observe and perform all the duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration and by-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(h) Expropriation

The Chargor and the Chargee agree that if the whole or any part of the Charged Premises are expropriated by a public authority pursuant to the *Expropriations Act*, then any monies paid to the Chargor in compensation for the expropriation of the whole or part of the Charged Premises shall be paid by the Chargor to the Chargee as a lump sum payment under the Charge. The Chargee through its agents or employees may order a survey and/or property valuation of the Charged Premises in order to ascertain the value of the expropriated lands and the remaining lands. Any and all reasonable costs, charges and expenses for such survey and or property valuation shall be added to the principal amount secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

16. LEASEHOLD PROVISIONS

If the interest of the Chargor in the Charged Premises derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license of the Charged Premises (such lease, sublease agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:

(a) all references herein to "Charged Premises" shall include all right, title and interest of the Charge from time to time in and to the Lease and the lands and premises demised under the Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of the Charge;

(b) the Chargor grants, mortgages, demises, sub-leases and charges to the Chargee all estate, term, right, title and interest of the Chargor in and to the Lease and the Charged Premises, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Chargor in or to the lands and premises demised by the Lease during the term of the Charge, together with the Lease and all right, title and interest of the Chargor in the Lease and all benefit and advantage therefrom for the Chargee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "Reversion"), as security for the payment to the Chargee of the Principal amount, plus the Additional Principal amounts, if any, and interest on such amounts and all other amounts secured by the Charge and for the performance of all liabilities and obligations secured by the Charge upon the terms set out in the Charge;

(c) the Chargor represents and warrants to the Chargee as follows:

(i) the Chargor has good leasehold title to the Charged Premises free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Chargee;

(ii) the Lease is, at the time of execution and delivery of the Charge in the case of a Form 2 Charge, and at the time of delivery for registration in the case of a ERS Charge, a good, valid and subsisting lease and has not been surrendered or forfeited or become void or voidable and the Charge has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;

(iii) there have been no modifications to the Lease that have not been provided to the Chargee;

(iv) the rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Chargor up to the date of the Charge;

(v) the Chargor has a good right, full power and lawful and absolute authority to demise and sublet the Lease to the Chargee in the manner aforesaid;

(d) the Chargor covenants and agrees with the Chargee as follows:

(i) the Chargor shall stand possessed of the Reversion in trust for the Chargee to assign and dispose of the Reversion in such manner as the Chargee shall by notice in writing direct (subject to the right of redemption in the Charge) and the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to assign the term of the Lease as the Chargee shall at any time direct;

(ii) the Chargor, at the request of the Chargee but at the cost, charge and expense of the Chargor, will grant and assign to the Chargee, or to whomever the Chargee may appoint, the Reversion or any renewal or substituted term of the Lease;

(iii) the Chargor shall pay the rent reserved by and other amounts due under the Lease shall observe and perform each and every covenant, agreement, condition and proviso contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Chargor shall indemnify the Chargee against all actions, claims and demands whatsoever in respect of the rent and covenants or anything relating thereto;

(iv) the Chargor shall not, during the continuance of the Charge, transfer, assign, sub-lease, surrender or terminate the Lease or any of its rights or interest in the Lease;

(v) the Chargor shall not, during the continuance of the Charge, enter into any agreement purporting to modify, alter or amend the Lease, without the prior written consent of the Chargee;

(vi) the Chargor shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and subject to any contrary directions from the Chargee, shall exercise any such options or rights so as to maintain or continue the term of the Lease for the whole of the period during which any debts or liabilities secured by the Charge remain outstanding;

(vii) any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Chargee to demand repayment of all amounts then secured by the Charge;

(viii) if the Chargor becomes the owner of the freehold of the lands and premises directly by the Lease to the same extent and effect as if the Chargor had been the owner of the freehold, free from encumbrances, at the date the Charge took effect. To give effect to the foregoing the Chargor does hereby grant and mortgage the freehold interest in the Charged Premises unto the Chargee, such grant to take effect upon the Chargor acquiring freehold title to the said Charged Premises. The Chargor covenants and agrees to execute and deliver, in the case of a Form 2 Charge or, in the case of an ERS Charge, authorize the delivery for registration, at the Chargor's expense, forthwith on demand therefor, such further and other documents as the Chargee may reasonably require for the purpose of validly giving effect to the foregoing;

(ix) the Chargor shall immediately notify the Chargee of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor;

(e) any reference in the Charge to any charges payable in respect of the Charged Premises shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Chargor under the Lease and if any amounts are paid by the Chargee in respect of amounts owing under the Lease such amounts shall be a charge against the Charged Premises, shall bear interest at the Charge Rate and shall be secured by the Charge;

(f) in the event of any default in any payment of rent or other monies due under the Lease or in the performance or observance of any covenant, agreement, condition or proviso contained in the Lease, the Chargee shall, at its option but without incurring any liability to do so, be at liberty to pay such rent or to observe or perform such covenant, agreement, condition or proviso, as the case may be, and all money expended by the Chargee in so doing shall be payable forthwith by the Chargor to the Chargee, shall bear interest at the Charge Rate and shall be a charge on the Charged Premises secured by the Charge;

(g) the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to enforce any covenants of the tenant under the Lease and to exercise any options to renew the Lease in the Chargee's discretion.

17. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding and interest or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O., 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or the lands and premises intended to be charged by the Charge or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors or assigns, or as he or they shall direct and may do all such assurances, act, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with an adult person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address, and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for any loss occasioned thereby, and, in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the *Mortgages Act*, or had been given improperly, but any person prejudiced by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the Charged Premises, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee contained in the Charge or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, conveyances or leases, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also, in such event, at the request, cost and expense of the Chargor transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge that, notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

The Chargee may, but shall not be obliged to, pay the amount of any encumbrance, lien or charge now or after the date of the Charge which exists or may arise or be claimed upon the Charged Premises having priority over the Charge including any taxes, utility charges or other rates on the Charged Premises or any portion thereof, any construction lien or any amounts payable to the Condominium Corporation, and may pay all costs, charges and expenses including solicitor's charges that may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in connection with any proceedings or steps of any nature whatever property taken in connection with the Charge or to realize upon the security of the Charge or to defend the validity or priority of the Charge against a third party, or for election of any interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or judicial proceedings to enforce such payment has been taken or not, in the amount so paid and insurance premiums for fire and other perils and any other amounts paid by the Chargee shall be added to the amounts secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate and shall be payable forthwith by the Chargor upon demand. Non payment of any of the foregoing amounts shall constitute default under this Charge and entitle the Chargee to exercise the power of sale and other remedies given under the Charge. In the event the Chargee pays the amount of any encumbrance, lien or charge or other amount the Chargee shall be entitled to all rights and security of the party to whom such payment has been made.

In addition to other act or omission constituting default by the Chargor under the Charge, the Chargor shall be deemed to be in default under this Charge in the following additional circumstances:

(a) The Charged Premises are abandoned;

(b) The Chargor and any Covenantor executing the Charge shall become bankrupt, make an assignment for the general benefit of creditors or otherwise be judged insolvent; and

(c) The Chargee discovers that any statement or certification, representation or agreement made by the Chargor in connection with the Charge is materially false.

18. RIGHT TO DISTRAIN

It is further agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

19. FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

20. ACCELERATION OF PRINCIPAL ON DEFAULT

It is hereby further expressly declared and agreed, that if any default shall occur in the payment of the interest money secured by the Charge or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises then at the option of the Chargee, the Outstanding Principal Amount secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time mentioned for payment of such principal amount had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

21. BONUS ON DEFAULT

On default of payment of any of the amounts secured by the Charge or payable under the Charge, the Chargee shall be entitled to require payment in addition to all other amounts secured by the Charge or payable under the Charge, of a bonus equal to three months' interest in advance at the Charge Rate upon the principal amount secured by the Charge at such time, and the Chargor shall not be entitled to require a discharge of the Charge without such payment or notice in lieu thereof as required by law.

22. QUIET POSSESSION UNTIL DEFAULT

It is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

23. BUILDINGS AND IMPROVEMENTS

If any of the Principal Amount be advanced under the Charge is to be used to finance any building or improvement on the Charged Premises, the Chargor must so inform the Chargee in writing forthwith and before any advances are made under the Charge. The Chargor is further obliged to provide the Chargee with copies of all contracts and subcontracts relating to the improvement including any amendments thereto. The Chargor agrees that any improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chargor shall expeditiously complete all improvements and provide the Chargee with proof of payment of all contracts as the Chargee may from time to time require. The Chargee shall make advances in such manner at such times and in such amounts up to the Principal Amount as the Chargee in its sole discretion may determine but the Chargee shall not be bound to advance the full Principal Amount or any unadvanced portion notwithstanding the execution or registration of the Charge. The Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chargor has complied with the holdback provisions of the *Construction Lien Act* as amended or replaced from time to time.

24. CONSTRUCTION LIENS

If a construction lien is registered against the Charged Premises or if any buildings and improvements being erected thereon shall remain incomplete or work on the buildings or improvements shall cease for a period of ten (10) days or more, the Principal Amount then outstanding and interest in all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. The Chargee shall have the right, but not the obligation, to pay such amounts as may be required to remove any construction lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all costs, charges, and expenses incurred by the Chargee in connection therewith, including all solicitor's charges, shall be added to the Principal Amount secured by the Charge and shall bear interest at the Charge Rate and shall constitute a Charge upon the Charged Premises prior to all claims and shall be payable forthwith on demand.

25. FIXTURES

All buildings, structures and improvements, whether existing before or after the date of the Charge, together with all apparatus and equipment appurtenant thereto whether or not attached to the lands otherwise then by their own weight are and shall be fixtures shall form part of the Charged Premises and part of the security secured by the Charge.

26. PARTIAL RELEASE

Provided that the Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the amounts secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said amounts or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any amounts except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being specifically agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the amounts secured by the Charge.

27. DEFAULT IN PRIOR CHARGES

It is agreed by and between the Chargor and Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge. lien or encumbrance to which the Charge is subject or subordinate, then and in that event the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers conferred by the Charge shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided.

28. PROPERTY OBLIGATIONS

The Chargor covenants and agrees that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the land, buildings and improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee and will not permit or suffer them to become or remain vacant and the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the amount secured by the Charge and shall bear interest at the Charge Rate and shall be a charge upon the charged Premises and be payable forthwith on demand. If the Chargor defaults upon any of the covenants contained in this paragraph, then all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable and default of payment of same with interest as in the case of payment before maturity, powers of entering upon and leasing or selling are hereby given and all other remedies herein contained may be exercised forthwith.

29. INSPECTION

The Chargee, by its agents or employees, and Canada Mortgage and Housing Corporation and its agents if the Charge is governed by the NHA, may, at any time, enter upon the Charged Premises to make inspection thereof which right shall include the right to test and sample materials on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, the reasonable cost of such inspection to be added to the Principal Amount and secured by the Charge, shall bear interest at the Charge Rate and shall be a charge on the Charged Premises and be payable forthwith on demand.

30. NON-MERGER

Provided and it is agreed that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant nor affect the Chargee's right to interest at the rate and times provided in the Charge; and further that said judgment shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as provided in the Charge until the said judgment shall have been full paid and satisfied.

31. RIGHTS ON DEFAULT

The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other amounts payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement in the Charge after all or any part of the amounts secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purpose shall be forthwith payable to the Chargee, and shall be a charge upon the Charged Premises and shall bear interest at the Charge Rate until paid.

32. SURVIVAL OF OBLIGATIONS AFTER SALE

No sale or other dealing with the Charged Premises or any part thereof shall in any way alter or reduce the liability of the Chargor or the rights of the Chargee as against the Chargor or any other person liable for payment of the amounts secured by the Charge.

STANDARD CHARGE TERMS
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33. ACCELERATION ON SALE

In the event of a sale, transfer or the entering into any agreement of sale or transfer of title to the Charged Premises then, at the option of the Chargee, all amounts secured by the Charge together with accrued interest thereon shall forthwith become due and payable.

34. PORTABILITY OPTION

If the Charge is a Fixed Rate Mortgage or a *Northern Carefree Mortgage*, and if the Chargor is not in default under the Charge, the following portability provisions apply:

(a) If, within 90 days following completion of the sale or transfer of the title to the Charged Premises, the Chargor completes the purchase of a residential property ("New property"), the Chargee will, on written application by the Chargor, but subject to paragraph (vi) below, provide financing for the purchase of the New Property on the security of a charge to be registered against title to the New Property ("New Charge"), in the following manner:

(i) if the amount to be advanced under the New Charge ("New Charge Amount") is the same as the portion of the Principal Amount then outstanding under the Charge, the interest rate applicable to the New Charge Amount for the period of time remaining in the term of the Charge will be the Charge Rate;

(ii) if the New Charge Amount is less than the portion of the Principal Amount then outstanding under the Charge, the Charge Rate will apply to the New Charge Amount for the period of time remaining in the term of the Charge, and the Chargor must pay to the Chargee upon the date of the completion of the sale or transfer of the Charged Premises, the amount by which the portion of the Principal Amount then outstanding under the Charge exceeds the New Charge Amount and any such prepayment will be subject to the prepayment provisions applicable under the Charge;

(iii) if the New Charge Amount exceeds the portion of the Principal Amount then outstanding under the Charge, the New Charge will secure the aggregate of the portion of the Principal Amount then outstanding under the Charge and the additional principal amount advanced under the New Charge at a rate of interest that blends the Charge Rate and the rate the Chargee offers at that time for mortgages with terms similar to the time remaining in the term of the Charge. The term of the New Charge will be for a period equivalent to the time remaining in the term of the Charge. If the Charge is a *Northern Carefree Mortgage*, the additional principal amount must be secured by a new second-ranking mortgage registered on title to the New Property for a term equivalent to the time remaining in the term of the Charge;

(iv) on the date of completion of the sale or transfer of the Charged Premises, any prepayment of the Charge from the proceeds of sale will be subject to the prepayment provisions applicable under the Charge. However, provided the New Charge is advanced within a 90 day period following prepayment of the Charge, the Chargee will, subject to paragraph (ii) above, refund to the Chargor the amount, if any, of bonus interest paid in respect of such prepayment.

(v) the term of the New Charge will commence on the date that it is advanced and will terminate on the same date as the Charge would have otherwise terminated; and

(vi) the Chargee's mortgage approval criteria, policies, procedures and documentation in effect at the time the Chargor makes his/hers/its application for the New Charge will apply to the application and the New Charge and the Chargor will be responsible for paying all applicable processing or administration fees, all legal and property valuation fees and all other expenses incurred by the Chargee in connection with the New Charge.

35. RENTING PROHIBITED

Except with the prior written consent of the Chargee the Chargor covenants and agrees that no part of the Charged Premises are rented or occupied by a Tenant and further covenants and agrees not to cause or permit the Charged Premises to be rented to or occupied by a Tenant. The Chargor further acknowledges that the Chargee has the right at all times to refuse permission to rent all or part of the Charged Premises at the Chargee's sole discretion. If restricted or conditional consent to rent is granted by the Chargee the Chargor covenants and agrees to abide by such restrictions or conditions. In the event that any of the foregoing covenants are breached, at the option of the Chargee, all monies secured by the Charge with accrued interest thereon shall forthwith become due and payable.

36. COVENANTOR OR GUARANTOR

If a party is named as a covenantor or guarantor in a Form 2 Charge or a schedule thereto (the "Covenantor"), the Chargor and the Covenantor acknowledge that it is a condition of the making of advances under the Charge that the covenant contained in this section 34 be entered into by the Covenantor. The Covenantor further acknowledges that the consideration for the guarantee contained in this section 34 is the making of advances under the Charge.

The Covenantor on behalf of himself, his executors, administrators, successors and assigns, in consideration of the advance in whole or in part of the Principal Amount does hereby covenant, promise and agree as principal debtor and not as surety to and with the Chargee that the Covenantor will well and truly pay, or cause to be paid unto the Chargee the Principal Amount and all other amounts secured by the Charge, together with interest upon the same, at the days and times, and in the manner agreed to in the Charge or any amendments, renewals, variations or extensions thereof and shall and will in everything, well and truly do, observe, fulfil and keep any and all covenants, provisos, conditions, agreements and stipulations in the Charge according to the true intent and meaning thereof, and shall and will abide by and submit to and do hereby agree to all conditions, provisos and stipulations in the Charge on the part of the Chargor and these covenants shall be binding notwithstanding the giving of time for payment of the Charge or the varying of terms of payment thereof or the rate of interest thereon or the renewal of the Charge or the sale, conveyance or transfer or similar disposition of the Charged Premises, whether with the consent of the Chargee, or otherwise, and if there are more than one Covenantor this covenant shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Covenantor.

Each Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of any guarantor, the Chargee may:

(a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under the Charge;

(b) grant any renewals or extensions of the Charge, with or without a change in the rate of interest or in any other terms or conditions of the Charge and whether by express agreement signed by the Chargor or otherwise (including without limitation by way of an automatic renewal or extension);

(c) change the rate or rates of interest provided in the Charge, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable or floating rate or from a variable or floating rate to a fixed rate, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the mortgage or charge constituted by the Charge the whole or any part of the Charged Premises;

(g) advance Additional Principal Amounts to the Chargor pursuant to any provisions of the Charge that permits the Chargor to borrow such Additional Principal Amounts from the Chargee;

(h) accept compositions, compromises or proposals from the Chargor or otherwise deal with the Chargor or any other person, any security (including without limitation for the Charge) or the Charged Premises or any security as the Chargee sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Charge;

(i) release or discharge any Covenantor or one or more other co-covenantors or guarantors or Chargors in respect of the Charge; or

(j) release any subsequent legal or beneficial owner of the Charged Premises from any liability for the obligations under the Charge or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Covenantor hereunder, regardless of whether any such action has the effect of amending or varying this Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the obligations thereunder. The liability of each Covenantor hereunder shall extend to and include the obligations of the Chargor under the Charge, as so amended, renewed, extended or varied and the Charge as so increased, expanded or altered without further action on the part of the Chargee or the consent or concurrence of any Covenantor, and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Charge is increased or otherwise altered, and the liability of each Covenantor hereunder shall be extended to and include the obligation of the Chargor to pay interest at such increased or altered rate.

37. EXTENSIONS

No extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

38. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge within which to prepare, execute and deliver in the case of a Form 2 Charge or prepare and deliver for registration in the case of an ERS Charge, as the case may be, a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee. All legal and other expenses for the preparation, execution and registration, as applicable, of such discharge or assignment and any administrative fee or charge of the Chargee in connection therewith shall be borne by the Chargor.

39. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon the Charge or any other such security.

40. INSURANCE RE: DEATH OR DISABILITY

Notwithstanding that the Charge is not otherwise in default or due and payable as a result of death of the Chargor or total disability of the Chargor, the Chargee shall in addition to any other remedies, have the right to apply to the Outstanding Principal Amount the proceeds received by the Chargee under a policy of group insurance upon the life of the Chargor or in consequence of the Chargor's disability.

41. ASSIGNMENT OF RENTS

Without waiving or restricting the terms of paragraph 36, the Chargor hereby assigns to the Chargee all rents or other sums now or hereafter due from any tenant, lessee or occupant of the Charged Premises and the Chargor during the term of the Charge hereby irrevocably appoints the Chargee, his attorney to act and authorized agent to take possession of and to collect all rents and profits arising from the Charged Premises to apply such rents and profits at the sole option of the Chargee to the payment of the outstanding amounts payable under the Charge.

42. SPOUSE'S CONSENT

The spouse of the Chargor named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge, and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

43. FAMILY LAW ACT

The Chargor covenants and agrees to advise the Chargee immediately upon any of the following occurring:

(a) spousal status of the Chargor;

(b) qualification of the land as a family residence as defined in the *Family Law Act*;

(c) legal title or beneficial ownership of the Charged Premises,

and the Chargor further covenants to provide the Chargee with particulars as may be required in the Chargee's sole discretion to be informed of those persons who may have the right of possession to the Charged Premises under the *Family Law Act*.

44. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

45. CONDOMINIUMS

If the Charge is of a unit within a plan of condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the *Condominium Act* and by the Declaration, the by-laws and the rules, as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required by the Chargor as the owner of the Charged Premises and in the event of the Chargor's default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) The Chargor by the Charge hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice
the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a Chargee in possession.

46. RENEWAL OR EXTENSION

Provided that the Charge may be renewed or extended by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequently in the Charge. Provided that nothing contained in this paragraph shall confer any right or renewal or extension upon the Chargor. The Chargor and the Covenantor, if applicable, agree that in the event that the renewal agreement provided to the Chargor is not signed and returned to the Chargee on or before the maturity date, the Charge, at the Chargee's option, will be automatically renewed on the terms set out in the renewal agreement.

47. COMPLIANCE WITH THE LAW

The Chargor covenants and agrees at all times to promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor will from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance, and will at the Chargor's own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

48. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other document required in connection therewith, and of any amendment, extension, variation or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any amount payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing and anything done in connection with defending the validity or priority of the Charge as against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises.

49. CHARGOR MUST BE A MEMBER OF NORTHERN CREDIT UNION

The Chargor covenants to establish and maintain membership in the Northern Credit Union during the term of the Charge and at all times maintain the minimum share required as stated in the by-laws of Northern Credit Union Limited.

No funds shall be advanced under the Charge until the Chargor has complied with the foregoing provision.

50. CHARGOR CEASING TO BE A MEMBER

Provided that in the event the Chargor at any time ceases to be a member in good standing of the Northern Credit Union Limited, then at the option of the Chargee, the Principal Amount and accrued interest thereon shall forthwith become due and payable upon demand by the Chargee and in default of payment by the Chargor, the Chargee may exercise all remedies under this Charge including taking possession of the Charged Premises.

51. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of the Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor contained in the Charge or implied are and are to be construed as both joint and several.

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

52. EFFECT OF DELIVERY OF ERS CHARGE

The delivery of an ERS Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the ERS Charge was in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor, and any Covenantor or Guarantor authorizes the Chargee, its solicitors or agents, to deliver the ERS Charge for registration.

Dated the 19th day of April, 2005.

Hugh N. MacDonald
Solicitor for Northern Credit Union Limited

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200518 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200519 Cote
Filing Date MAY 3rd 2005 Date de Dépôt
Page 1 of/de 22 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – GE MONEY Holding Company

STANDARD CHARGE TERMS

The following set of STANDARD CHARGE TERMS shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the above Act.

GE MONEY Holding Company

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PARTIES AND TERMS

1. **Parties to the Standard Charge Terms and What Certain Terms Mean.**

In this set of Standard Charge Terms, you, as the **Chargor**, agree with us, as the **Chargee**, to these terms, representations and conditions for the charge of your Property.

Charge means the Charge/Mortgage of Land or the charge prepared and registered in electronic format in which this set of Standard Charge Terms is referred to by its filing number including any schedules and addenda thereto, this set of Standard Charge Terms and any confirming or amending or renewal agreements executed in writing by the parties to the Charge, whether registered or not.

Phrases in the Charge beginning with capitals such as **Property, Guarantor, Principal Amount**, **Balance Due Date, Initial Loan** and **Interest Rate** refer to the applicable information set forth beside those phrases in the Charge/Mortgage of Land or the charge prepared and registered in electronic format in which this set of Standard Charge Terms is referred to and any amendment of the applicable information on renewal or otherwise from time to time.

CHARGE OF THE PROPERTY

2. **Charge of Your Property.**

You mortgage and charge the Property to us as security for payment of all monies owing by you pursuant to the Charge, including the Principal Amount, interest and all fees and costs and all other indebtedness and liabilities from time to time owing by you to us.

3. **Debts Secured by the Charge.**

You agree that the Charge secures the Initial Loan set out in the Charge/Mortgage of Land and all other loans that you may obtain and all liabilities you may incur (alone or with another person) to us but not exceeding at any time the Principal Amount together with interest thereon and fees and expenses (if any) incurred.

No payment, no revolving or fluctuation of any of your indebtedness or liability secured by the Charge, no change in the form of any of your indebtedness or liability or acceptance or renewal or substitution of any note, instrument or other document evidencing or regarding any of your indebtedness or liabilities will constitute a reduction or discharge in whole or in part of the security of this Charge and the Charge will not cease to operate and will not be extinguished except as provided in paragraph 6 below.

4. **No Obligation to Advance or Readvance.**

The preparation, execution or registration of the Charge or the advance of any monies does not, however, bind us to advance or readvance all or any part of the Principal Amount, nor to grant you any other loan or to permit you to incur any other debt or liability to us, but nevertheless the security on the Property will take effect immediately on execution of the Charge by you.

5. **Leasehold Charge.**

If the Property is a leasehold, the Charge subleases the Property to us for the balance of the term of the lease on which you hold the Property except the last day of such term and charges all other interest in the Property and the lease including any renewal, purchase and other rights. You stand possessed of the last day of the term in trust for us and grant us the power to assign and dispose of the last day of the term.

6. **Discharge.**

After you pay us the Principal Amount then outstanding, interest and all the other amounts secured by the Charge and you notify us in writing that such payment is in final and permanent pay out of all your obligations under the Charge, we will sign a discharge, or if directed by you an assignment of this Charge. You will give us a reasonable time after payment

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in which to prepare and issue the discharge. If electronic registration is available for the Property, we may register the discharge on your behalf and provide you or your lawyer with confirmation of registration.

CALCULATION OF INTEREST FOR THIS MORTGAGE

7. **Fixed Interest Rate.**

Where the Interest Rate specified in the Charge or in any renewal or amendment or in any loan approval or agreement for an additional or other loan is a fixed interest rate, the Interest Rate payable by you is calculated semi-annually not in advance with the first semi-annual calculation of interest starting from the Interest Adjustment Date.

8. **Variable Interest Rate.**

Where the Interest Rate specified in the Charge or in any renewal or amendment or in any loan approval or agreement for an additional or other loan is referenced to a prime rate or stated to be a variable rate, the Interest Rate payable by you will be the Prime Rate, varied from time to time as set out below, and if so set out, plus or minus the number of percentage points per annum. Interest at such variable rate is calculated monthly not in advance and is payable monthly.

This Interest Rate will vary automatically each time there is a change in the Prime Rate without any notice to you so that the Interest Rate on the Initial Loan or additional or other loan secured by the Charge will always be the Prime Rate then in effect plus or minus, if applicable, the number of percentage points per annum.

The Prime Rate is the prime rate that the Royal Bank of Canada publicly announces from time to time as its reference rate for Canadian dollar loans in Canada. The Prime Rate in effect at any time is available by inquiry to us. You also agree that any certificate in writing we issue setting out the Prime Rate and the Interest Rate applicable to the Charge or loan secured by the Charge at any time shall be deemed to be conclusive evidence as to the rate at such time.

If after a variation in the Interest Rate, your regular payment is insufficient to pay all interest accrued for that period, the unpaid interest will accumulate on your loan account and itself bear interest from and including the regular payment date at the then current Interest Rate. The amount, if any, of such accumulated interest outstanding from time to time may be obtained by inquiry to us.

9. **Conversion to Fixed Interest Rate.**

You have the option by written request to us at any time you are not in default to convert the Interest Rate from a variable to a fixed rate for a 3 year, a 5 year or another term we then offer which is greater than the remaining term of your loan that is being converted. The fixed interest rate will be the rate we then quote for the term you have chosen for a mortgage similar to yours on the date the written request for conversion is received by us. A mortgage similar to yours is one that has a term that is closest to the remainder of the term of the loan you are repaying, that is on a similar property with a similar loan to value ratio and that is to a borrower with a similar credit score and other loan criteria (without regard to the rate on loans, if any, actually made at such time). The conversion will take effect on the next payment date.

10. **Interest After Default.**

Interest is payable at the Interest Rate on the loan amount and all other debts and liabilities secured by the Charge both before and after the Balance Due Date, maturity, default and judgment of the Initial Loan and of any renewal, amendment and other loan secured by this Charge. If you are in default in payment of any amount including interest, you will pay interest on the interest and other amount in arrears at the Interest Rate, or if amended or renewed at the interest rate set out in the approval or agreement for such amendment or renewal of the Initial Loan or other loan secured by this Charge.

PAYMENT OF THE LOAN AMOUNT

11. **Your Promise to Pay.**

You covenant to pay to us the Initial Loan, interest and all fees and costs as follows:

(a) interest on the loan at the Interest Rate from the date of each advance until the Interest Adjustment Date will be due and paid in advance on the date of each advance;

(b) from and after the Interest Adjustment Date, the Initial Loan and interest on the principal at the Interest Rate computed from the Interest Adjustment Date will become due and be paid in instalments each in the amount set out in the Charge on the same day of each and every month as the day of the First Payment Date, the first of such payments to be paid on the First Payment Date and the last on the Balance Due Date;

(c) costs, fees, interest on overdue interest and other amounts will be payable on demand with interest thereon at the Interest Rate; and

(d) the balance of the principal then remaining together with interest thereon at the Interest Rate and any expenses and other amounts outstanding with respect to the loan will be paid on the Balance Due Date.

The payment terms set out will apply to any additional advances or other loans, amendments and renewals we may make to you with the Interest Adjustment Date, Interest Rate, Payment Amount and Balance Due Date being the dates, rate and amounts set out in the approval or agreement regarding such amendment or additional or other loan or advance.

12. **Accelerated Payment Frequencies.**

Notwithstanding the monthly payment dates set out in the Charge or elsewhere for any other loan secured by the Charge or any renewal, we may offer to you (but are not obliged to do so) the option to make more frequent payments and if you so elect, the following provisions apply:

(a) the monthly payment amount will be paid as follows:

(i) if you elect weekly payments, the weekly payment will be one-quarter (1/4) of the monthly payment amount and will be made on the 7th day after the Interest Adjustment Date, or if starting during the term, the 7th day after the last monthly payment you make, and on every 7th day thereafter; except that, if the 7th day after the Interest Adjustment Date or the last monthly payment made date is a Saturday or Sunday, the monthly payments will start the next Monday and continue every 7th day thereafter;

(ii) if you elect bi-weekly payments, the bi-weekly payment will be one-half (1/2) of the monthly payment amount and will be made on the 14th day after the Interest Adjustment Date, or if starting during the term, the 14th day after the last monthly payment you make, and on every 14th day thereafter; except that, if the 14th day after the Interest Adjustment Date or the last monthly payment made date is a Saturday or Sunday, the monthly payments will start the next Monday and continue every 14th day thereafter; and,

(iii) if you elect semi-monthly payments, the semi-monthly payment will be one-half (1/2) of the monthly payment amount and will be made on the 1st day and the 16th day of each month starting with the first such day after the Interest Adjustment Date or if starting during the term, the first such date after the last monthly payment made; except that, if such 1st or 16th day is the 29th, 30th or 31st day of the month, the semi-monthly payments will start the next day that such first or 16th day is not the 29th, 30th or 31st day of the month;

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(b) if at any time you are in default in payment of two weekly payments or one bi-monthly or semi-monthly payment, your increased payment frequency will automatically cease and your payments will be monthly in accordance with the terms of this Charge or the agreement for any other loan secured by the Charge or for any amendment or renewal;

(c) the balance of the principal and interest shall remain payable as stated in the Charge or in the agreement or loan approval for any other loan or renewal secured by this Charge.

13. Skip a Payment Option

You may once in each year of the term of the Initial Loan or other loan or renewal secured by the Charge request us to permit you to skip one regular monthly payment (or weekly, bi-weekly or semi-monthly payments not exceeding one monthly payment) for any reason satisfactory to us. You will be charged interest on each such deferred payment at the Interest Rate until fully paid. You may pay such deferred payment without bonus or penalty on any regular payment date. You may only request to skip a payment when you are not in default and you will not be permitted to skip a payment where the outstanding balance exceeds the original principal amount of the Initial Loan or other loan or renewal.

14. Change in Payment Amount (Variable Rate Mortgages Only).

If the Interest Rate payable increases because of changes in the Prime Rate, a lesser portion of your regular payment will be applied to interest and a smaller or no portion to principal with the result that a larger balance will be owing on the Balance Due Date.

If the interest rate rises to the extent that the regular monthly principal and interest payment will no longer cover the interest accruing in a month, we may require you to increase the amount of your regular principal and interest payment so that interest is paid in full as it accrues due and so that the loan will be repaid in full over the remainder of the amortization period as set out in the loan approval or commitment provided to you before or at the time this Charge, renewal or other loan was made. We may immediately collect the increased payment amount on the next payment date by the preauthorized payment method you have established with us regardless of whether notice of the payment increase has been received by you.

15. Your Obligation to Pay Without Set-off or Delay.

You agree to pay all amounts payable pursuant to this Charge without abatement, set-off or counterclaim. Any claim you may make against us either initially or by way of abatement, set-off or counterclaim, will not diminish or delay your obligations to make the payments as provided in this Charge and will not delay the exercise of any remedy nor be a defence to any claim by us against you under this Charge. And without limiting the generality of the foregoing, you agree the foregoing applies with respect to any claim or issue of any kind regarding life or other insurance purchased with respect to the Charge.

16. Preauthorized Payments.

Unless we otherwise agree, you will establish and make all regular payments as they become due pursuant to a preauthorized payment method acceptable to us on an account with a financial institution in Canada. You must ensure the account always has sufficient funds to satisfy payment obligations on this Charge.

17. Time and Place for Payment.

All payments under this Charge must be made to us at such place as we designate to you from time to time. Any payment received by us after 2:00 p.m. or on a day we are closed for business will be deemed for the purpose of calculation and payment of interest, to have been made and received on the next day we are open for business.

18. Application of Payments.

All payments when received will be applied in the following order:

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(a) to pay life insurance premiums (if you have chosen creditor insurance for the loan with an insurer for whom premiums are collected with payments on the Charge);

(b) to pay the monthly sum we have set for payment of property taxes pursuant to section 37 of the Charge;

(c) to pay interest calculated at the Interest Rate;

(d) to reduce accumulated interest (when regular payments have been insufficient to pay interest at the variable interest rate as set out in section 8 of the Charge); and

(e) to reduce the principal amount.

However, if you are in default, we may apply any payments received during the period you are in default on such part of the liabilities secured by this Charge as we may choose.

PREPAYMENT

19. **Prepayment Privileges and Compensation**.

The Initial Loan and any other loan secured by the Charge and each amendment and renewal is closed to prepayment except as follows:

(a) **Annual 10% Prepayment**. You may, when not in default, on each anniversary of the Interest Adjustment Date prepay without notice or penalty an amount not greater than 10% of the original principal amount of the Initial Loan or the amended, renewed or additional loan. You may not prepay more than this even though you prepaid less than this on a previous anniversary date. This prepayment right does not apply if you prepay the loan in full pursuant to the privilege set out below;

(b) **Prepayment After Year One**. You may at any time after the first year of the term of the loan or renewal, prepay the full outstanding balance upon payment of an early payment administration fee of 0.25% of the amount being prepaid and the greater of:

  (i) where the loan being repaid has a fixed rate of interest

    (A) three months interest at the Interest Rate for the Initial Loan, loan, amendment or renewal; or,

    (B) the interest rate differential amount. This is the difference between the existing rate on the loan and the Government of Canada bond yield plus 0.5% calculated over the remainder of the term. The Government of Canada bond yield means the wholesale bid side yield on a current Government of Canada coupon bond bearing a maturity the same or next shortest to the remaining term of the loan being prepaid, as determined by us from yields reported in the financial press on the third business day before the date of prepayment (or if none reported then on the day closest to the third business day) for the close of business the preceding business day at Toronto;

  (ii) where the Initial Loan, loan, amendment or renewal being repaid has a variable interest rate, payment of three months interest calculated at the existing rate for the loan being repaid

in each case calculated as of the date of prepayment on the full principal amount being repaid;

(c) **Payment on Sale of Property**. You may also prepay the outstanding balance in full during the first year of the term of the Initial Loan or other loan or renewal upon the closing of a bona fide sale of the Property and your payment of the

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administration fee and compensation amount calculated as set out in section (b) above. A bona fide sale is one made in the open market to a person not related to you at fair market value.

RENEWAL

20. **Renewal.**

You agree that you have no right of renewal of the Initial Loan or other loan secured by this Charge or any renewal of the Initial Loan or other loan, but that we may in our discretion offer you renewal on such terms as we may set out to you. You further agree that the Initial Loan and any other loan and renewal may be automatically renewed from time to time in the following manner:

Prior to the Balance Due Date of the Initial Loan or maturity date of any other loan or renewal secured by the Charge, we may send to you at your last address on our records, a notice of renewal setting forth the balance outstanding and the interest rate, payment amount and the other terms and conditions on which the Initial Loan or other loan may be renewed. Unless you pay the balance outstanding, accept other renewal terms we offer or make other arrangements with us in writing to extend payment by the Balance Due Date or by the maturity date of the other loan or renewal, you will be deemed to have accepted a renewal for a one (1) year term on the terms and at the rate we then quote for a mortgage of a similar kind (A mortgage of a similar kind is described in s. 9).

On any renewal, the amount of the payments being made pursuant to the preauthorized payment service will be adjusted accordingly. Renewal fees not paid by such Balance Due Date or maturity date will be added to the balance outstanding and bear interest at the renewal rate.

21. **Priority of Renewal.**

No renewal or extension of time given by us to you shall in any way affect or prejudice our rights against you, the Guarantor or any other person. The Charge will secure the payment and other obligations as extended or changed in the renewal agreement and will be deemed dated as of the first day of each renewal term. It will not be necessary to register notice of any such renewal or obtain any consents or acknowledgements in order to retain priority for this Charge so altered over any subsequent encumbrance or instrument registered subsequent to this Charge.

YOUR COVENANTS AND WARRANTIES RELATING TO TITLE, USE AND SALE

22. **Title Warranty and Covenants.**

You warrant and agree that:

(a) **Good Title**. You have good and marketable title in fee simple to the Property subject only to any prior registered charge, to which we have agreed in writing;

(b) **To Protect Title**. You will preserve your title to the Property and the validity and priority of this Charge and you will forever warrant and defend the same for us against the claims of all persons;

(c) **Authority to Charge**. You have the right to charge the Property to us;

(d) **Release of Claims**. You release to us all of your right, title, interest and claim to the Property subject to the right to discharge contained in paragraph 6 above.

23. **Leasehold Land.**

If the Property is leasehold land, in place of paragraph 22 (a) you warrant and agree that:

(a) the lease is a good, valid and subsisting lease and has not been surrendered, forfeited, amended or become void or voidable, the rents and covenants in the

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lease have been duly paid and performed and if required, the lessor's consent to the Charge of the lease has been obtained; and

(b) during the term of the lease and any extension or renewal of the lease, you will not amend, surrender, subordinate or modify the lease or consent to any subordination, waiver or cancellation of any provision of it without our written consent, you will pay the rent as required by the lease and perform and observe the covenants, provisos and conditions contained in the lease and you will indemnify us against all actions, claims and demands whatsoever in respect of the such rent and covenants or anything relating to the lease.

24. Fixtures, Additions, etc.

You agree the Property includes all property of any kind that is at any time attached or fixed to the land or buildings or placed on and used in connection with them including all heating and cooling equipment such as furnaces, pumps, water heaters and air conditioners (central, window and other units), all cooking and refrigeration equipment, light fixtures, television antennae, satellite dishes, alarm and security systems, central vacuum, carpet where laid, trees, shrubs and plants, as well as all alterations, additions and improvements to the land and buildings.

25. Representations, Information, etc.

You warrant and represent that all representations made by you or anyone on your behalf in the application for the mortgage loan and any other information you or the Guarantor have provided to us for our consideration in deciding whether to grant, amend or renew the mortgage loan or any other amount secured by this charge are true and correct at the time made or provided.

26. Residential Use and Rental of the Property.

Where:

(a) the Charge has been approved by us on the basis of homeowner occupancy of all or part of the Property, the Property or applicable part will be occupied by you and your family as your principal residence property for the term and each renewal term of the loans secured by the Charge; or,

(b) we have approved the Charge on the basis of investment or rental property, you will lease and maintain the unit or units for residential purposes only in a prudent businesslike manner at fair rents in compliance with all applicable tenancy laws and regulations.

27. Compliance With Building and Other Laws.

Your use of the Property complies and you will continue to comply with all building and zoning by-laws and if a non-conforming use, you will continue such legal non-conforming use, unless we otherwise agree in writing. You will also comply with all other laws in your use and occupation of the Property and will not use or permit the Property to be used for any illegal, improper or immoral purpose or activity.

28. No Other Charges or Liens.

You will not create or permit to exist any other mortgage, construction lien (other than any unregistered lien for an account not yet due for work or supply to an improvement approved by us) or other lien (other than for taxes and utilities not yet due) or other encumbrance against the Property.

29. Payment of Taxes, Utilities and Other Encumbrances.

Unless we elect to pay taxes as provided elsewhere in this Charge, you will pay all taxes levied on the Property as they become due and give us in each year receipts showing that the taxes have been paid as due. In this Charge, "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties levied on

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or payable with respect to the Property. You will also pay all accounts for utilities supplied to the Property and all charges, mortgages, liens and other encumbrances on the Property when they are due and comply with your other obligations under them.

30. **No Sale Without Consent.**

You will not sell, transfer, lease or otherwise dispose of all or any part of the Property or any interest in the Property without our prior written approval and if approved, without such approved purchaser, transferee or lessee entering an assumption agreement in form satisfactory to us. Acceptance of any payments from a purchaser, transferee or lessee not approved in writing by us, will not constitute an approval or waiver by us.

31. **Further Assurances.**

You will, before or after default, execute any further documents and do such other acts with respect to any aspect of this Charge, at your own expense, as we may reasonably require.

32. **Reservation of Rights.**

You agree that no sale or other dealing by you with the Property or any dealing by us with the whole or any part of Property or with any person liable in any manner for the whole or any part of the amount secured by this Charge, shall in any way affect or prejudice our rights against you, the Guarantor or any other person liable to pay any amount secured by this Charge.

33. **Statutory Covenants.**

The covenants contained in this Charge are additional and supplemental to and in the case of any conflict override the covenants set out in any statute regarding charges, including Section 7(1) of the Land Registration Reform Act, R.S.O. 1990, c. L.4.

CONDOMINIUM

34. **Covenants for a Condominium Unit.**

The following provisions apply to any condominium unit that is part of the Property:

(a) **Payment of Common Expenses and Compliance**. You will pay all contributions to common expenses of the condominium as they become due and comply with the Condominium Act and the declaration, by-laws and rules of the corporation. You will provide us with proof of your payment and your compliance from time to time as we may request. You will forward to us as received copies of any notices, assessments, by-laws, rules and financial statements of the corporation. You will provide us, on request, with any other documents and information that you receive from the corporation or are entitled to receive.

(b) **Repair**. You will maintain all improvements made to your unit and repair them after damage.

(c) **Insurance of Unit**. You will insure all improvements which you or the previous owners have made to your unit. Furthermore, you will insure your common or other interest in buildings which are part of the condominium property or assets of the corporation, if the corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the corporation. These obligations are in addition to your obligations in this Charge under the heading Insurance for the Property as far as they apply to a condominium unit.

(d) **Right to Vote - Proxy**. You hereby assign to us and authorize us to exercise your rights under the Act to vote and to consent. If we do not exercise such rights, you may do so, but you will do so according to any instructions which we may give you from time to time. You also authorize us to inspect the corporation's records. Nothing done under this paragraph puts us in possession of the Property.

INSURANCE

35. **Insurance for the Property.**

(a) **Fire and Other Perils**. You will cause the Property to be insured by an insurer and under a policy or policies satisfactory to us to an amount of not less than the full replacement value of the buildings and improvements on the Property. The insurance must be against the perils and extended perils usually covered in fire insurance policies, including but not limited to loss or damage by explosion, tempest, tornado, cyclone, earthquake and lightning;

(b) **Boiler Insurance**. If there is a boiler or other pressured vessel or a sprinkler system in any building on the Property, the insurance to be obtained by you must cover loss or damage caused by the boiler or other pressured vessel and equipment operated with it or caused by the sprinkler system;

(c) **Owner's Liability Insurance**. You must have comprehensive liability insurance for personal and property damage and losses occurring on or in respect to the Property for an amount of at least $250,000 per occurrence or such amount as we may specify to you in writing;

(d) **Builder's All Risk**. During such time or times as there is construction of any buildings or other improvements on the Property, you will maintain or cause your contractor to maintain builder's all risk insurance with a stated amount clause for the improvements for full insurable value;

(e) **No Co-Insurance**. The insurance may not contain co-insurance requirements;

(f) **Proof of Insurance**. Each policy of insurance shall contain mortgage clauses and loss payee clauses in a form satisfactory to us. You must give us proof that you have obtained the insurance you are required to obtain and you must, at least 20 days before any insurance expires or is terminated, give us proof that you have arranged for such insurance to be renewed or replaced. If you fail in any way to comply with these obligations, we may (but we are not obliged to) obtain insurance on your behalf. If we think it is necessary, we can require you to cancel any existing insurance for the Property and provide other insurance which meets our approval;

(g) **Insurance Claims and Proceeds**. If loss or damage occurs, you will provide us with necessary proofs of claim and do everything else necessary to enable us to obtain payment of our interest in the insurance proceeds. You irrevocably appoint any of our officers (with power of substitution) as your authority to sign on your behalf any documents required or to endorse on your behalf any cheques issued by any insurer with respect to any policy of insurance with respect to all or any part of the Property. Insurance proceeds may, in whole or in part, exclusively at our option, be used to rebuild or repair damaged buildings or be used to reduce all or part of the amount secured by this Charge;

(h) **Further Assignment**. You assign as additional security for your obligations under this Charge all interest in or under any insurance of any kind affected with respect to the Property and the proceeds thereof, whether or not placed in accordance with the requirements of this Charge.

36. **Life Insurance.**

You agree that we may at any time request that you obtain and maintain a policy of insurance with a recognized insurer in Canada on the life of the Chargor and, if more than one, the life of each of them in an amount sufficient to pay all amounts from time to time secured by the Charge. Proceeds of such insurance will be directed to be paid firstly to us in payment of the amounts secured by the Charge. You will on our request provide proof that you have obtained such insurance and periodically provide proof that you have paid all premiums. If you fail to maintain such insurance, we may obtain it on your behalf.

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PAYMENT OF PROPERTY TAXES

37. **Account for Payment of Taxes.**

(a) If we so require, you agree to pay to us on each payment date for a loan secured by the Charge or any amendment or renewal thereof (including each payment date of an accelerated payment frequency as provided in s. 12 of the Charge), sums sufficient, as determined by us, to enable us to pay the whole amount of taxes on or before the due date for payment of taxes or, if taxes are payable in instalments, on or before the due date for payment of the first instalment;

(b) we may also withhold from any advance of the Initial Loan or other loan secured by the Charge any amount we consider necessary to pay or to anticipate future payments of taxes;

(c) if you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you shall pay to us an appropriate amount in addition to the amount referred to in paragraph (a) above;

(d) if the taxes on the Property in any calendar year exceed our estimate, you will pay us the difference on demand;

(e) you agree to send to us immediately after you receive them interim and final tax bills and all other notices or communications relating to taxes as soon as you receive them;

(f) we do not have to hold any moneys which you send us under this paragraph in trust, nor pay interest on them, nor apply them to pay taxes more than once a year; and

(g) should you default under any of your obligations in the Charge, we do not have to use monies so received to pay taxes and we may, if we wish, apply such monies to any of your debts or liabilities to us.

CONSTRUCTION, REPAIR AND ENVIRONMENTAL MATTERS

38. **Repair, Vacancy and Maintenance of Property.**

You will maintain the Property in good order, condition and repair and will promptly make all necessary repairs, replacements, and improvements. You will not allow any part of the Property to become or remain vacant without our written consent You will not commit waste and will not remove, demolish or materially alter the Property or any part of it without our prior written consent. We may, whenever we feel it necessary, either by ourself or by our agent enter upon and inspect the Property and you shall pay the expenses associated with such inspection. If you, or anyone claiming under you, neglect to keep the Property in good condition and repair, or commit any act of waste on the Property, or do anything by which the value of the Property is diminished, as to all of which we shall be sole judge, we may (but we are not obliged to) enter the Property and effect such repairs or work as we consider necessary.

39. **Construction.**

You agree not to make or do any major construction, alteration or demolition to the Property without our consent which must be obtained in writing before it is started. Project plans must be approved by us. If you fail at any time to diligently carry on the work of construction of any building or buildings being or to be erected on the Property, or without our consent in writing, you depart in such construction from the project approved by us or from the generally accepted standards of construction in the locality of the Property, or you permit any construction or similar lien to be registered against the Property, we may at our option at any time, through our agents or contractors, enter the Property and have exclusive possession of the Property and of all materials, plant, gear and equipment on the Property, free of interference by you and complete construction of the building or buildings either according to your plans or according to such other plans, specifications or design as we in our discretion may choose. You shall pay all costs in connection with such construction.

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40. **Hazardous Substances.**

(a) To the best of your knowledge and belief, after due inquiry and investigation, no part of the Property contains, has ever contained or will in the future, except as provided below, contain any hazardous substances. Hazardous substances refers to any solid, gaseous or liquid waste and substances or conditions that are prohibited or controlled or that are hazardous in fact or that are considered potentially hazardous;

(b) You agree that any activities or storage on any part of the Property that may involve such hazardous substances including storage of home heating oil and propane gas will only be undertaken after full disclosure to us and with our approval. Any such activities or storage will be in accordance with environmental laws and regulations. No use of any part of the Property will be allowed which may cause or increase the likelihood of the escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property or permit any policy of insurance in respect to the Property to be cancelled;

(c) You will promptly notify us as soon as you know of or suspect that there is any actual, threatened or potential escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property whether from your activities or storage or from those of another property owner or carrier or from any other source;

(d) You will promptly remove any hazardous substances that are or come onto the Property in any manner and from any source, other than those for activities and storage which we have permitted as provided above, and complete all remediation of the Property that may be required by reason of the presence of hazardous substances and that we may consider prudent, all in accordance with environmental laws and regulations;

(e) You agree to indemnify us with respect to any and all costs and liabilities we may incur for investigations, remediation and other matters related to hazardous substances that are or may be on or about or suspected to be on or about any part of the Property or nearby property;

(f) We may require that you obtain, or we may obtain, from time to time at your expense an environmental inspection or audit report on all or any part of the Property, which report shall be satisfactory to us;

(g) Any environmental audit or inspection report you may provide to us or we may obtain or any other investigation we may conduct or any remedial or other work we or someone on our behalf may perform or any storage or use of hazardous substances on the Property we may permit will not relieve you from your obligations; and

(h) The representations, covenants, agreements and indemnity made in this section survive satisfaction and discharge of the Charge, sale of all or any part of the Property or extinguishment of the Charge if we or our nominee become owner of the Property by foreclosure or otherwise following default.

DEFAULT AND REMEDIES

41. **Possession.**

Until default by you under this Charge, you shall have possession and receive the rents and benefits from the Property.

42. **Events of Default.**

You will be in default under this Charge upon the happening of any of the following events:

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(a) if you default in the payment of any part of the principal, interest or any other amount secured by this Charge, when payment of such amount becomes due;

(b) if you default in the observance or performance of any term or covenant which you have agreed with us to observe or perform under this Charge or elsewhere;

(c) if any information or statement you or the Guarantor have given or made before, at or after signing the Charge, in respect of the Property or your or the Guarantor's affairs is incorrect or untrue at the time given or made;

(d) if you cease or threaten to cease to carry on in a sound businesslike manner the business you or the Guarantor ordinarily conduct on or with respect to all or any part of the Property;

(e) if the Property is a condominium unit or units, a vote authorizes termination of the condominium or the sale of all or substantially all of the condominium corporation's assets or its common elements or the condominium corporation fails to insure the unit and common elements;

(f) if a petition in bankruptcy is filed against you, if you make a general assignment for the benefit of your creditors, if a receiver, interim receiver, monitor or similar person is placed or is threatened to be placed in control of or for overview of your affairs or Property, or in our opinion, you become insolvent;

(g) if a construction or similar lien is registered against the Property or if default occurs under any other lien, charge or other encumbrance existing against the Property;

(h) if you abandon or do not visibly and consistently occupy the Property; or

(i) if the Property or, in our opinion, a material part of the Property is expropriated.

43. Acceleration on Default.

If at any time you should be in default under this Charge, then the Principal Amount and interest and all amounts secured by this Charge shall, at our option, become due and payable immediately.

44. Compensation on Acceleration and After Maturity.

(a) If the balance declared due after the occurrence of an event of default under the Charge is paid prior to the Balance Due Date or the maturity date of the loan secured by this Charge, you agree to compensate us for prepayment by payment of an amount equal to three months interest at the interest rate then being charged on the amount prepaid.

(b) **Payment After Maturity**. Where there is default after the Balance Due Date or maturity date of the last renewal of the Charge, you may pay the outstanding Principal Amount only upon payment of three months interest calculated on the outstanding Principal Amount or three months written notice in lieu thereof, and if you fail to pay on the date specified in such notice, then only on payment of such three months' interest.

(c) **Statements and Recovery of Amount**. You agree that the statements we issue of amounts calculated pursuant to subparagraph (a) and (b) shall, in the absence of obvious error, be conclusive. You further agree that we may recover amounts we determine due pursuant to this paragraph from the proceeds of any sale of the Property or other proceedings for enforcement of the Charge.

45. Remedies on Default.

Upon the occurrence of any event of default, the Charge shall, at our sole option, be immediately enforceable (without thereby declaring the principal and other amounts secured by the Charge immediately due and payable unless we have in writing declared the same due and

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payable) and we may realize upon our security and enforce our rights (without notice to you except as specifically required by any term of this Charge or by any applicable statute) by the following remedies:

(a) **Possession**. We may enter into possession of the Property without any objection from you. Our liability for the time in possession of all or any part of the Property shall be limited to an accounting for monies actually received by us;

(b) **Lease**. We may lease all or any part of the Property with or without entering into possession of the Property;

(c) **Court Action**. We may take proceedings in any Court of competent jurisdiction for sale or foreclosure and for possession of all or any part of the Property and for payment of the monies due on the Charge;

(d) **Court Receiver**. We may take proceedings in any Court of competent jurisdiction for the appointment of a receiver (which term wherever used in this Charge includes a receiver and manager) of all or any part of the Property, and you hereby consent to a court order for such appointment;

(e) **Power of Sale**. We may with or without entering into possession sell all or any part of the Property pursuant to the power of sale in such manner as may to us seem best;

(f) **Receiver**. We may appoint in writing a receiver of the Property and of the rents and profits thereof and from time to time remove any such receiver and appoint another in its stead. The receiver shall for its acts and liabilities be your agent. The purpose of such appointment shall include the orderly management, administration, construction and repair and/or sale of all or any part of the Property;

(g) **Abandoned Personal Property**. Any equipment (which is not part of the Property) or furniture or household or personal belongings which remain on the Property for a period of more than five days after we take possession of the Property shall be deemed abandoned and we may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we see fit. Removal, storage and other costs may be added to the amount secured by this Charge;

(h) **Performance of Your Covenants**. If you fail to perform any covenant or condition under this Charge, we may (but we are not obliged to) ourselves perform or cause to be performed the same at your expense. If we pay any taxes, utility accounts, charges, liens or other encumbrances, we shall be entitled to all equities and securities of the person or persons so satisfied and we may retain any discharge or cessation of charge unregistered until we are paid. We may rely on any statement of account or statement of non-performance which we reasonably believe to be correct without any subsequent challenge of any kind as to the correctness thereof by you; and

(i) **Sale of Leasehold Property**. On any sale by us under the power of sale contained in the Charge, we may assign the lease, the leasehold interest in the Property and the reversion to the purchaser. We may at any time, by written appointment, remove the Chargor or any other person from being a trustee of the lease under the declaration of trust set out above and appoint a new trustee or trustees in their place.

We may exercise these rights and remedies from time to time separately or in combination and as often and in such manner as we see fit. They are in addition to and not in substitution for any other rights and remedies we may have at law, in equity or by statute, or under any other security or agreement with you.

46. **Sale of the Property**.

The following terms shall apply to any sale:

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(a) We may sell the whole or any part or parts of the Property by public auction or private contract, or partly one or partly the other;

(b) The sale may be conducted immediately upon the expiration of any redemption or reinstatement period required by law or at any time thereafter and we may delay the sale for such period of time as we consider to be in our best interest;

(c) We may sell on such terms as to credit and otherwise as shall appear to us most advantageous and for such prices as can reasonably be obtained and may make any stipulations as to title or evidence or commencement of title or otherwise which we consider appropriate;

(d) In the case of a sale on credit we shall be bound to pay you or any other person with a claim thereto or apply on account of the indebtedness secured by the Charge only such monies as have been actually received from the purchasers from time to time. After the satisfaction of all our claims, we are not bound to pay any amount to you or any other person claiming entitlement thereto until all such agreements and assurances as we consider fit have been executed and delivered;

(e) We may buy in or rescind or vary any contract for the sale of the whole or any part of the Property and resell without being answerable for loss occasioned thereby;

(f) Any person may bid on, tender for or purchase the Property at the sale;

(g) Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper. No want of any required notice or publication shall invalidate any sale or lease under this Charge and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the power of sale shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given; any person prejudiced by an unauthorized, improper or irregular exercise of the power shall have his or her remedy against the person exercising the power in damages only;

(h) Notice as provided for in this Charge shall be given to you in such manner and form and within such time as provided by the mortgages, land titles or other acts, as amended, in the province where the Property is located. Unless otherwise required, you agree that notice may be given by mailing it in a registered letter addressed to you or your legal representative at the last address known to us and shall be effective as of the date of mailing;

(i) All provisions of this Charge relating to a sale of the Property following default, including, without limitation, the persons to whom notice of exercising the power of sale shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising any power of sale or other sale remedy. Wherever any such requirement may be waived or shortened, such requirement is hereby waived and shortened. Wherever there is a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of any law, the provisions of such law shall govern.

FEES, COSTS AND EXPENSES

47. Servicing Fees.

You agree to pay to us servicing fees to cover our reasonable time and costs for administration of the Charge including without limitation, a fee or allowance for

(a) administering the account for the collection and payment of taxes (as provided in s. 37), an annual fee;

(b) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled,

(c) preparing each assumption, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person,

(d) processing each application to obtain our consent to assume the mortgage or our approval or consent for any other matter required by the Charge whether or not approval or consent is provided or the matter is completed,

(e) processing each extension, renewal, conversion to a fixed interest rate, restructuring or other amendment of the Charge or amounts secured by the Charge, whether or not completed,

(f) investigating status of any insurance, administering insurance cancellations and paying insurance premiums and dealing with insurance claims,

(g) providing a copy or duplicate of documents from our file or an amortization schedule, a payment history, tax account history, audit verification and other services of a clerical nature including retrieval, copying, transmission and other charges,

(h) investigating status of realty tax payments and administering tax payments,

(i) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches,

(j) registering electronically or otherwise or executing and delivering any discharge of this Charge (notwithstanding that the discharge may have been prepared by you or other person on your behalf),

(k) generally, any matter connected with the proper administration of the Charge and Property including inquiring into compliance, dealing with or enforcing any obligation contained in the Charge and including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, managing or selling the Property.

Our servicing fees shall be the amounts established, disclosed and generally applied by us from time to time and may be ascertained upon inquiry to us.

48. **Costs**.

You agree to pay us all amounts we expend and costs we incur in any manner in connection with this Charge including, without limitation, expenses in relation to:

(a) the making of the loan secured by this Charge and each amendment, extension or renewal thereof including preparation, execution and registration of the Charge and any other security, instrument and documents;

(b) collecting payments under and enforcing and realizing the security of this Charge;

(c) defending or otherwise dealing with any action or proceeding in which we by reason of the Charge may be a party or otherwise interested including without limitation any construction lien or similar matter, any seizure or prosecution by police or other authority, any foreclosure, sale, redemption, assessment or other action or proceeding by any other encumbrancer or any certificate of pending litigation or other title matter;

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(d) performing or complying with any of your obligations under this Charge including, without restriction, those relating to insurance, condominium, repair and construction, leases, taxes, prior encumbrances and environmental matters.

All legal costs incurred by us in dealing with compliance with any term and in enforcement of the Charge shall be paid by you in full (including legal fees for court proceeding on a substantial indemnity basis).

49. Interest and Security for Fees and Costs.

All the above described fees and costs, allowances and expenses shall be secured by this Charge, shall bear interest at the Interest Rate from the date incurred or calculated by us and shall be payable by you forthwith on demand.

MISCELLANEOUS MATTERS

50. Delay, Waiver and Release of Property.

You agree that we may in our discretion at any time release any part or parts of the Property or any other security or any surety for the whole or any part of the Principal Amount, interest and other amounts secured by this Charge either with or without any sufficient consideration, without responsibility or liability to you and without releasing any other part of the Property or any person from this Charge or from any of the covenants and without being accountable to you for the value of such released Property, securities or surety, or for any money except that actually received by us.

We may delay in enforcing any of our rights under this Charge or the obligations secured or any agreement evidencing or securing the obligations secured without losing or impairing those rights. We can waive breach of your obligations under this Charge or under any related security or agreement without losing our rights in respect of any other breach of your obligations.

We may as a condition of you repaying any mortgage apply the doctrine of consolidation and require that you repay all charges and mortgages you have with us.

51. Charge Not a Substitute for Any Other Security.

You agree that this Charge shall not create any merger, rebate or discharge of any debt owing to us or of any lien, bond, note, instrument or other security now or subsequently held by us, whether from you or from any other party or parties and this Charge shall not in any way affect any security which may now or subsequently be held by us for the whole or any part of the Principal Amount, interest and other amounts from time to time secured by this Charge or the liability of any other person upon any such lien, bond, note, instrument or other security or contract or any renewal or renewals of the same held by us for or on account of the Principal Amount, interest and other amounts from time to time secured by this Charge or any portion thereof, nor shall our remedies be affected in any manner.

52. Judgments.

If we obtain a court judgment against you for your failure to pay all or any part of the Principal Amount, interest and other amounts secured by this Charge or to perform any of your obligations to us under this Charge, the judgment will not result in a merger of any of your obligations under this Charge with the judgment or take away any of our other rights to enforce this Charge. We will continue to be entitled to receive interest on the Principal Amount, interest and the other amounts secured by this Charge at the Interest Rate, calculated and payable in the agreed way, and the judgment may so provide.

53. Interpretation and Headings.

Wherever in this Charge the singular or masculine is used, the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties so require. The headings do not form part of this document and have been inserted for convenience of reference only. This Charge shall be interpreted, enforced and governed by the laws of the Province of Ontario. If any provision of this Charge shall be prohibited by or invalid under applicable law, such provision shall not invalidate the remaining provisions of this Charge. Nothing contained

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in this Charge shall require you to pay or for us to accept interest in an amount greater than that allowed by applicable law.

54. **Joint Signatures.**

If more than one person makes this Charge, each person who makes it is jointly and severally bound to comply with all obligations of the Chargor under this Charge.

55. **Demands and Notices.**

Unless otherwise provided in this Charge or prohibited by law, where this Charge allows or requires us to make a demand on or give a notice to you or any other person, we may make the demand or give the notice by delivering it addressed to you or other person at the Property or you or the other person's last known address or by mailing it by prepaid registered mail addressed to you or the other person at the Property or last known address or by sending it by telefacsimile (fax) to you or the other person's last known number and, where the person is a corporation, by so delivering or sending it to the last known address or number of a director, officer, employee or attorney of the corporation.

A notice or demand so delivered will be regarded as given or made when it is so delivered. A notice or demand so mailed will be regarded as given or made on the day after it is mailed and a notice so sent by telefacsimile on the day sent, in each case whether the person actually receives it or not, and if the day of receipt is not a day we and lenders generally are open for business, then the next business day. The foregoing does not include a Notice of Sale under Mortgage which if sent by registered mail, shall be deemed served the day of mailing.

We may also give a notice or demand to you or a Guarantor by electronic message through the Internet (e-mail) to the e-mail address you or the Guarantor give to us or by which you or the Guarantor communicate to us. A demand or notice so delivered shall be deemed received eight (8) hours after transmission by us, regardless of whether actually received or opened by you or the Guarantor.

56. **U.S.A. Residents.**

If you are or become a resident of the United States of America for tax purposes and we are subject to a tax payable to the government of the U.S.A. on the interest we receive through your payments, the Interest Rate on the amounts secured by the Charge will be increased by multiplying by a factor of 1.1111 to offset our obligations in that regard. This factor may change any time if the government of the U.S.A. makes a change in the amount of tax to be paid.

GUARANTEE

57. **Guarantee.**

Each person signing or joining in the Charge as a Guarantor agrees in consideration of our making the loan to you, as follows:

(a) The Guarantor, with you, as principal debtor and not as surety will duly pay or cause to be paid all amounts payable under this Charge on the days and times and in the manner provided for payment of the same;

(b) The Guarantor unconditionally guarantees full performance and discharge of all your obligations under the provisions of this Charge at the times and in the manner provided in this Charge;

(c) The Guarantor indemnifies and saves us harmless from and against all losses, damages, costs and expenses which we may sustain, or incur or be or become liable for by reason of:

  (i) the failure for any reason whatsoever by you to pay the amounts payable under this Charge or to do and perform any other act, matter or thing required by the provisions of this Charge; or

(ii) any act, action or proceeding, of or by us, for, or in connection with, the recovery of the amounts payable under this Charge by you, or enforcing the performance by you or any other person liable under this Charge of any act, matter or thing required by the provision of this Charge;

(d) We shall not be obliged to proceed against you or any other person liable under this Charge or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under this Charge or the enforcement of any security for any such debt or obligation;

(e) We may, without notice to and the consent or approval of the Guarantor, grant extensions of time for payment, make renewals, increase, vary and amend the Interest Rate, the Principal Amount and other terms of the Charge and the indebtedness secured by the Charge, release the whole or any part of the Property or other security from this Charge, or otherwise deal with you, any of the indebtedness secured by this Charge or the Property or other security as we see fit without releasing or lessening the liability of the Guarantor;

(f) The Guarantor agrees to be bound by each such renewal, variation and amendment of any terms of the Charge we make with you and each reference to the Charge in this Guarantee paragraph shall mean the Charge as so renewed and amended from time to time, regardless of whether made with or without the knowledge, consent or approval of the Guarantor;

(g) No delay or carelessness or neglect by us in asserting any of our rights, nor the loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of all or any part of this Charge or any other security held for or any document evidencing any part of the indebtedness or liability secured by the Charge will in any way release or lessen the liability of the Guarantor;

(h) The Guarantor has read this Charge and is fully aware of and agrees with its terms and in particular, the terms of this Guarantee;

(i) Where there is more than one Guarantor, each Guarantor is jointly and severally responsible under this guarantee with the other Guarantor(s) and you;

(j) We may serve notice on the Guarantor and any notice to the Guarantor shall be deemed received in the same manner as provided for notice to you in this Charge.

ASSIGNMENT OF RENTS

58. **Assignment of Rents**.

This section applies if any part of the Property is not occupied by you and your family as your primary principal residence:

(a) You assign to us all rents payable from time to time under all leases or agreements for use of any part of the Property, now existing or made in the future, together with the benefit of all guarantees and indemnities contained in those leases and agreements;

(b) On our request, you will immediately provide copies of all leases and agreements related to use of any part of the Property and provide us with all information regarding rents and other accounts;

(c) After occurrence of any event of default, we are entitled to collect all rents and other amounts due under all leases or agreements regarding the Property. You hereby irrevocably authorize the tenants and occupants to pay the rents to us after our written demand is delivered without determination by the tenants or occupants whether default has in fact occurred;

(d) Nothing contained in this Charge or assignment of rents shall make us responsible for collection of rents payable under any lease or for the performance of any of the landlord's obligations contained in any lease or agreement and the exercise of any of our rights under this assignment shall not deem us a mortgagee in possession of the Property.

(e) We shall be liable to account only for such rents as are actually received (less reasonable collection charges) and may apply rents received to the payment of such part of your obligations under the Charge as we shall determine.

DATED the 21st day of April, 2005.

GE MONEY Holding Company
by its solicitors
Gowling, Lafleur Henderson LLP
Per:

FILED: , 2005

TOR_LAW\ 5853286\9

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200519 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200520 Cote
Filing Date MAY 16th 2005 Date de Dépôt
Page 1 of/de 12 Pages

DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: CIBC Mortgages Inc.
Filing Number: Filing Date:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in the schedule, if any.

1. DEFINITIONS

In this set of standard charge terms:

Act means the *Land Registration Reform Act, R.S.O. 1990, c.L.4* (as amended or replaced);

borrower, you and **your** mean each person who signs the mortgage as chargor(s);

CIBC means Canadian Imperial Bank of Commerce;

CIBC Prime Rate means the variable reference rate of interest per year declared by CIBC from time to time to be its prime rate for Canadian dollar loans made by CIBC in Canada;

CMHC means Canada Mortgage and Housing Corporation;

Condominium Act means the *Condominium Act*, R.S.O. 1990, c. C.26 or *Condominium Act*, S.O. 1998, c. C.19 (as amended or replaced)

condominium corporation means the condominium corporation created by the registration of a declaration in respect of your property under the *Condominium Act*;

declaration means the declaration (as amended or replaced from time to time) which, together with a description, was registered under the *Condominium Act* to create the condominium corporation;

Genworth means Genworth Financial Mortgage Insurance Company Canada;

interest adjustment date means the date specified in the registered document;

lender, we, our and **us** mean CIBC Mortgages Inc., as chargee;

loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

mortgage or charge, when used as a noun, means the registered document, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

paragraph refers to a numbered paragraph in this set of standard charge terms;

payment amount means the amount specified in the registered document;

principal amount means the amount specified in the registered document;

registered document means for the non-electronic paper based registration system, the Form 2 Charge/ Mortgage of Land that you sign to give this mortgage, and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;

schedule means any schedule attached to the registered document;

taxes means all taxes, rates and assessments of any nature or kind, including, without limitation, real property taxes, local improvement rates, school taxes, development charges and levies, penalties or costs associated with cleanup following a fire, explosion or other destruction or damage and any taxes or duties levied in lieu of or in substitution for any of the foregoing and interest and penalties on any of them; and

your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building, structure or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, " your property" includes the common elements and any other interest that you may have in the assets of the condominium corporation, and references to "your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time:

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including, but not limited to, any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;

to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to fixed rate mortgages)

The interest rate payable by you is specified in the registered document. Interest is compounded semi-annually not in advance. Interest is payable at the frequency set out in the registered document. Interest is calculated on each regular payment date at the said interest rate. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, per diem interest will be calculated on the basis of a 29-day month. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee may be payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount or both.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200520 Cote

Interest is calculated half-yearly not in advance within the meaning of the *Interest Act*, R.S.C. 1985, c. I.15.

5. **VARIABLE INTEREST RATE (Applicable only to adjustable rate mortgages)**

a) **Interest Rate**

The interest rate payable by you is specified in the registered document and is a variable rate per annum equal to CIBC Prime Rate, as the same will vary from time to time, plus or minus the number of percentage points per annum, if any, indicated in the registered document. The principal and interest payment will be recalculated every time CIBC Prime Rate changes, based on the current mortgage rate and the then-remaining amortization period of the mortgage.

The interest rate will vary automatically each time there is a change in the CIBC Prime Rate, without any notice to you. At any particular time, the interest rate chargeable under the mortgage is called the "current mortgage rate". Interest is compounded semi-annually not in advance, and payable at the frequency set out in the registered document. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, per diem interest will be calculated on the basis of a 29-day month. Interest is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Interest is calculated half-yearly not in advance within the meaning of the *Interest Act*, R.S.C. 1985, c. I-15.

b) **Changes in Interest Rate**

Within a reasonable time after each change in the CIBC Prime Rate, we may mail to you, at your last known address according to our records, a notice of the changed CIBC Prime Rate, its effective date, the new current mortgage rate, and, if applicable, your new principal and interest payment amount. The interest rate will still vary as set out above even if we fail to send you such a notice, or if you fail to receive it. However, if we do send you such a notice, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the notice was sent. CIBC Prime Rate in effect at any time is available by contacting us.

In the event that it may be necessary to prove the CIBC Prime Rate applicable at any time, it is agreed that a certificate in writing of the lender setting out the rate shall be deemed to be conclusive evidence as to the rate at such time.

c) **Deferred Interest/Negative Amortization**

If your regular principal and interest payment is not sufficient to cover the interest accrued on the mortgage from one regular payment date to the next, then the interest outstanding is called deferred interest. Deferred interest will be added to the outstanding principal balance of your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and will bear interest at the current mortgage rate.

6. **COMPOUND INTEREST ON OVERDUE AMOUNTS**

If you do not make the regular mortgage payment or any other payment when required by the mortgage, we will charge interest on all overdue amounts (including interest) at the rate provided for in the mortgage both before and after the balance due date set out in the registered document, default and judgment. This additional interest must be paid by you immediately upon demand, both before and after the balance due date, default and judgment.

7. **REPAYMENT OF LOAN AMOUNT**

(a) **Currency and Place**

You will pay the loan amount to us in Canadian dollars, at the address set out in the registered document or as you may be notified in writing.

(b) **Interest Adjustment Date**

(i) **If this is a mortgage other than a building mortgage,** interest on advances up to the interest adjustment date will be calculated at the lesser of the current mortgage rate in effect on the date of advance or the initial rate set seven days prior to the date of advance, and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular payment date.

(ii) **If this is a building mortgage**, accrued interest on progress advances is calculated daily and payable monthly up to the interest adjustment date established for the initial term of the mortgage and may be retained without adjustment out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage will be deducted from the last substantial advance.

(c) **Regular Payments**

You will make regular payments of principal and interest to us on the payment dates and in the amounts specified in the registered document starting with the first payment date until and including the last payment date. When not in default, you shall have the privilege of changing your regular payment date to any date acceptable to us. Should you choose to exercise this privilege, an interest adjustment amount may be payable and an administration and processing fee may be payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) **Payment Provisions on Default**

If you do not meet any of your obligations under the mortgage, including the obligation to make payments, you must immediately pay to us all outstanding arrears. Further, we may require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 21.

(e) **Bank Account for Payments**

You must maintain a bank account of a type satisfactory to us with a Canadian financial institution and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph 7. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

8. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be applied in the following order:

(a) to pay life insurance premiums payable in respect of the mortgage, if any;

(b) to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the mortgage, including tax accounts ;

(c) to pay for the cost of optional services made available by us and selected by you, if any;

(d) to pay any collection expenses or any applicable administration and processing fees;

(e) to pay interest or reduce the interest (including any deferred interest, any outstanding interest or late interest charges) on the principal amount accumulated to but not including the payment date; and

(f) to reduce the principal amount.

However, if you do not meet any of your obligations under the mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we may choose. The amount of interest in arrears may be obtained by contacting us.

9. YOUR PREPAYMENT RIGHTS (Applicable to all mortgages)

(a) If the term of the mortgage is greater than five years and you are not a corporation, you may prepay the outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us, in addition to the outstanding loan amount owing to the date of prepayment, an amount equal to three months' interest costs calculated at your existing annual interest rate on the date of prepayment on the amount prepaid.

(b) If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

(c) Subject to the provisions of paragraphs 9(a) and 9(b) above, if you have complied with all your obligations under the mortgage and your property contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights:

9.I STANDARD PREPAYMENT PRIVILEGES

(A) MONTHLY PAYMENT ADJUSTMENT

(i) **If you have an Option Adjustable Rate Mortgage,** once during any 12-month period following the interest adjustment date or anniversary thereof ("anniversary year"), without penalty, you may increase the amount of your regular payment amount to any amount, provided that the amortization period of the mortgage is not reduced to less than five years. You may also decrease the amount of your regular payment amount once during any anniversary year, without penalty, provided that the resulting amortization period does not exceed the remaining balance of the original amortization period, and provided that the new regular payment amount may never be less than the original regular payment amount. These privileges are non-cumulative, and if you do not use them during an anniversary year, they cannot be carried forward to any subsequent anniversary year.

(ii) **If you have an Option Fixed Rate Mortgage,** once during any anniversary year, without penalty, you may increase the amount of your regular payment amount by up to 15% of the original regular payment amount set out in your mortgage. You may also decrease the amount of your regular payment amount once during any anniversary year, provided that the resulting amortization period does not exceed the remaining balance of the original amortization period, and provided that the new regular payment amount may never be less than the original regular payment amount. These privileges are non-cumulative, and if you do not use them during an anniversary year, they cannot be carried forward to any subsequent anniversary year.

(B) PRIVILEGE AMOUNT

In each anniversary year, you may prepay up to:

(i) **If you have an Option Adjustable Rate Mortgage,** 20%; or

(ii) **If you have an Option Fixed Rate Mortgage,** 15%

(the "Privilege Amount") of the original principal amount of your mortgage without notice, bonus or penalty. Each prepayment can only be made on a regular payment date and shall be not less than $100. This privilege is non-cumulative, and if you do not use it during any anniversary year, you cannot carry it forward to any subsequent anniversary year. This right of prepayment without notice, bonus or penalty does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this right of prepayment in the anniversary year during which the mortgage is prepaid in full.

(C) PREPAYMENTS IN EXCESS OF THE PRIVILEGE AMOUNT

(i) **If you have an Option Adjustable Rate Mortgage,** you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon payment of three months' interest costs on the amount prepaid by you, calculated at the following interest rate:

A. **If you are making a partial prepayment,** your existing annual interest rate on the date of prepayment, plus any discount you received on your existing annual interest rate.

B. **If you are prepaying all of the outstanding principal amount of your mortgage in full,** your existing annual interest rate in effect on the date we generate the mortgage payout statement, plus any discount you received on your existing annual interest rate.

(ii) **If you have an Option Fixed Rate Mortgage,** you may make a partial prepayment in an amount in excess of the Privilege Amount on any regular payment date, or prepay all of the outstanding principal amount of your mortgage at any time before the maturity date, upon payment of the higher of the following two amounts, each of which will be calculated by us using a method determined by us from time to time in our discretion:

- three months' interest costs calculated at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing annual interest rate), on the amount prepaid by you; and
- the interest rate differential amount, calculated as follows:
  - ⇨ **If you are making a partial prepayment in an amount in excess of the Privilege Amount,** the interest rate differential amount is the difference between:

A. the interest costs calculated from the prepayment date to the maturity date of your mortgage on the amount prepaid by you, at your existing annual interest rate (plus any discount you received on your existing annual interest rate); and

B. the interest costs calculated from the prepayment date to the maturity date of your mortgage on the amount prepaid by you, at the posted interest rate charged by us on the prepayment date for a closed CIBC Option brand mortgage product which we have determined in our sole discretion to be similar to your mortgage, taking into account the following:

(i) the remaining term of your mortgage,
(ii) the features of your mortgage, and
(iii) whether you have a conventional or a high-ratio mortgage.

⇨ **If you are prepaying all of the outstanding principal amount of your mortgage in full,** the interest rate differential amount is the difference between:

A. the interest costs calculated from your last scheduled regular payment date which falls on or before the prepayment date (whether or not such regular payment was made) to the maturity date of your mortgage on the amount prepaid by you at your existing annual interest rate (plus any discount you received on your existing annual interest rate); and

B. The interest costs calculated from your last scheduled regular payment date which falls on or before the date of prepayment (whether or not such payment was made) to the maturity date of your mortgage on the amount prepaid by you, at the posted interest rate charged by us on the date the mortgage payout statement was generated for a closed CIBC Option brand mortgage product which we have determined in our sole discretion to be similar to your mortgage, taking into account the following:

(i) the remaining term of your mortgage,
(ii) the features of your mortgage, and
(iii) whether you have a conventional or a high-ratio mortgage.

(D) **If you wish to prepay all of the outstanding principal amount of your mortgage in full,** if you ask us to, we will provide you with a statement of the amount required to pay off your loan amount in full as of any date you specify, provided that the date you specify is within the 30 days following your request (the "Statement Effective Date"). We will not process any mortgage payments, or any other payments which we receive, between the date on which we generate your mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on amounts, including regular mortgage payments, which we do not process during that time. If you do not pay out your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments which we did not process, and any other payments which we received, between the date on which we generated your mortgage payout statement and the Statement Effective Date.

(E) The prepayment charges set out above are payable in addition to interest at the rate specified in the registered document, and, where applicable, interest on accrued interest in connection with payments not processed between the date on which you made your last regular payment and the prepayment date.

9.II U.S.A. RESIDENT

If you are a resident of the United States of America ("U.S.A.") for tax purposes at the time you prepay your mortgage, related prepayment charges may be construed as "interest" for U.S.A. tax purposes. In such case, we reserve the right to apply the factor described in section 45 hereof against such prepayment charges in order to offset the tax liability described in section 45.

10. INCREASE AND BLEND (Applicable only to fixed rate mortgages)

Provided that our mortgage approval criteria, including those as to the borrower and the mortgage terms, are met, you have the privilege of increasing the principal amount secured and/or extending the term of the mortgage at a rate of interest blended to reflect the existing mortgage rate, the prevailing rates, prepayment privilege fees and administration fees, if any.

11. EARLY RENEWAL (Applicable only to fixed rate mortgages)

In the event that the mortgage is amended to extend the term hereof, the date of the mortgage for the purpose of the application of Section 10 of the *Interest Act* (Canada) or any other similar federal or provincial legislation permitting prepayment, shall be conclusively deemed to be the first day of the last extension of time for payment and the mortgage as amended shall not, at any time or times, be subject to prepayment, in whole or in part, save as may be herein provided.

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the balance due date set out in the registered document. You must apply in writing to use this right of early renewal. You will be able to renew the mortgage by selecting from the mortgage options that we offer under the CIBC Option brand at the time that you apply for early renewal, and you must sign a mortgage amending agreement/early renewal agreement acceptable to us, which will contain all amended terms, conditions and provisions of the mortgage selected. The interest rate payable by you will be our interest rate for the mortgage option selected by you in effect at the date that you sign the mortgage amending agreement/early renewal agreement. You agree to pay us any administration and processing fees to early renew, together with any applicable prepayment charges and any accumulated interest which may result from a change in the frequency of the regular mortgage payments. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

12. CONVERTIBILITY (Applicable only to adjustable rate mortgages)

a) If you have complied with all of your obligations under the mortgage, you may convert the mortgage to a fixed rate mortgage having a term of three years or longer with the interest rate and terms that are offered to you by us under the CIBC Option brand at the time of conversion.

b) You must apply to use this right of conversion by delivering written notice signed by you to our Mortgage Servicing Division. The interest rate will be the posted rate in effect at the time of conversion for the term selected. The new payments at the new interest rate will commence on the first or the second scheduled payment date following conversion, as determined by us. We may request that you sign a mortgage amending agreement containing the amended terms, conditions and provisions of the mortgage selected. However, if we do not, or if for any reason a mortgage amending agreement is not entered into, your written notice to us will be binding upon you and we shall be entitled to rely upon it. You agree to pay us any applicable administration and processing fees, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payment and any accumulated deferred interest. You also agree that, where applicable, you will pay all legal expenses with respect to the conversion documentation and its registration. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

c) Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply and the prepayment privileges, if any, will be contained in the conversion/amending agreement, whether or not you signed it.

13. MORTGAGES WITH DEPOSITS

If required pursuant to the terms of your mortgage loan, you shall deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit amount at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days from the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

14. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property other than as disclosed to and approved by us in writing;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting your interest in and your title to your property except for any restrictions registered against the title to your property and except for building and zoning by-laws, with all of which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders and only then, if you have given us prior notice of such intended use and we have approved such intended use in writing;
- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property; and
- no part of your property is, or will in the future be, used for any illegal purpose, including without limitation, a brothel, a gaming house, or the cultivation or processing of marijuana or other illegal substances.

We may (but are not obligated to) require you, at your expense, from time to time, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph. Should your property be found to contain any hazardous or illegal substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property in accordance with plans and proposals which have been prepared in consultation with us and have received or prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous or illegal substances on your property and any breach of your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without your landlord or lessor's consent, to charge your interest in the lease to us and will provide us with written evidence of this satisfactory to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered against the title to your property and except for building and zoning by-laws, with all of which you and your landlord or lessor have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease have been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 14(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, including without limitation, those referred to in paragraph 26(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in your property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 26, including without limitation under paragraph 26(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 14(b)(xiii) and appoint a new trustee or trustees.

15. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of such compliance when requested.

(c) You will also provide us with proof of payment of all amounts owing in connection with the above work. You must retain all required holdbacks unless we elect to do so. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

16. INSURANCE (Paragraph 16 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars until the mortgage has been paid out. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been paid out, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, provide us with certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance are immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds payable to us under this mortgage. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

- (i) used to repair or rebuild your property;
- (ii) paid to you; and/or
- (iii) used to reduce any part of the loan amount, whether due or not, including any amounts payable to us under paragraph 9, 9.I or 9.II, as applicable, including without limitation prepayment charges. .

17. PROPERTY TAXES

(a) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(b) After the interest adjustment date, you agree to pay to us, on each date on which a regular payment amount is due, the applicable tax instalment, based on the estimated annual taxes and anticipated future payments of taxes (as determined by us) that will be payable for the year following such regular mortgage payment date.

(c) If the taxes on your property are more than our estimate, or if for any other reason the amount you have paid to us for taxes is less than the amount we have paid for taxes, we will charge you interest at the mortgage rate on the difference. If you wish to take advantage of any discount or to avoid any penalty or interest charges in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 17(b). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them, failing which you will repay us the cost of obtaining such documentation and, if not paid, we will add such cost to the loan amount. We do not have to hold any moneys which you send us under this paragraph 17 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may, at out option, apply any moneys which we have received under paragraph 17 to any portion of the loan amount.

(d) Notwithstanding the provisions of this paragraph 17, we may at our option choose not to require payment of taxes to us, in which case you will be responsible for payment of all taxes relating to your property. You will provide us with all the receipted tax bills by the end of each calendar year. If, for any reason, you do not pay the taxes when required then paragraphs 17(a) through (c) will apply.

18. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, law, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair, or if you do anything, or allow anything to be done, which lowers its value, or if you do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are immediately payable by you to us, and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

19. **NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE**

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the mortgage, then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Notwithstanding the above, you will pay us, on demand, all of our costs, including lawyers' fees (on a substantial indemnity basis) and expenses, for investigating title to your property and for registering the mortgage. Such amounts shall be immediately payable by you to us, and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

20. **LEASES AND RENTS**

(a) If your property is approved by us as being owner-occupied residential premises, you certify and agree that no part of your property is rented or occupied by a tenant, and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to give at our option. You agree to keep us informed of the status of occupancy.

(b) If your property is a rental property, we must consent to such rental. You hereby assign to us all leases, lease agreements and renewals, whether presently existing or arising in the future, all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment of all leases, lease agreements and renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment must be in registrable form acceptable to us and may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including, but not limited to, legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 20, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 20 will put us in possession of your property and we are not obliged to collect any rent or income from your property nor to comply with any term of any lease or agreement.

(f) If you are not complying with any of your obligations under the mortgage, rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property or to adversely affect the value of our interest in your property, within the meaning of section 52(1) of the *Mortgages Act*, R.S.O. 1990, c. M.40 (as amended or replaced).

21. **ACCELERATION OF REPAYMENT OF LOAN AMOUNT**

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 14) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

(f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

22. **BUILDING MORTGAGE**

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as reasonably possible in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of such compliance when requested.

Subject to paragraph 19, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. You agree to pay us our then current administration and processing fee for any progress draws. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

We may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, C.c.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

You will also provide us with proof of payment of all amounts owing in connection with the above work.

We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees, shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

23. **RELEASING YOUR PROPERTY FROM THE MORTGAGE**

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

24. RENEWING, EXTENDING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any change in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed, extended or amended, over any other instrument registered against the title to your property after the mortgage. The entering into of any written agreement by us with any borrower and/or with anyone liable to pay the loan amount will not release or affect the liability of any other person who does not sign such written agreement, whether or not such person has received notice of, or consented to, such written agreement.

25. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

If you are a tenant or lessee, under a lease of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property and such statement shall be deemed conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a solicitor's final report and certificate of title at your expense.

26. ENFORCING OUR RIGHTS

(a) **Remedies** - If you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you** - We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property; Assign Rents** - If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. You assign to us all rents from your property, this assignment becoming effective upon the occurrence of an event of default. We may cancel or amend any lease or lease again, as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any lease to reduce any part of the loan amount. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of Sale** - If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act* enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel or amend any contract of sale and sell or adjourn any such sale from time to time, all as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any sale to reduce any part of the loan amount. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property** - We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount. We may lease or sell your property without actually entering into possession. We will not be considered to be a mortgagee in possession unless we actually take possession of your property. While in possession, we will only be accountable for money actually received.

(vi) **Appoint a Receiver** - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults** - We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-Interference** - If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses** - All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a substantial indemnity basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees and those of CIBC.

(d) **Delay in Enforcement** - Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations.

(e) **Judgments** - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

27. CONDOMINIUM

(If your property is a condominium unit, you must also comply with this paragraph 27 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 16.)

(a) **Compliance with the *Condominium Act*, etc.** - You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** - You will pay all amounts required by the *Condominium Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

(c) **Notices and Demands** - You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights** -

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount** - At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the *Condominium Act* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act*, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(v) the condominium corporation fails to insure all the condominium units and common elements in accordance with paragraph 27(f) and according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance** - Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us with evidence of renewal at least fifteen days before the termination of any insurance we are entitled but not obligated to insure the buildings or improvements. If we ask for them, you must give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due including any amounts owing to us under paragraph 9, 9.I or 9.II, as applicable, including without limitation prepayment charges.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

28. DUE ON SALE AND RELEASE

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will, at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not unreasonably withhold our approval. Should you exercise this privilege, there may be an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

(i) we give our written approval to you to transfer title to your property;

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(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and

(iii) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

29. **ASSUMPTION**

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage as if you had signed the mortgage.

30. **INSPECTION**

If we, CMHC or Genworth (if this is a CMHC or Genworth insured mortgage), or our respective agents, have reason to believe that your property does not comply with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, Genworth or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or Genworth consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property.

Should your property be found to contain any hazardous substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous substances from your property and repair the damage to your property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous substances on your property and any breach of your obligations under this paragraph.

We, CMHC or Genworth and our respective agents, will not become a mortgagee in possession, management or control by exercising these rights.

31. **EXPROPRIATION**

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest including any amounts payable to us under paragraph 9, 9.I or 9.II, as applicable, including without limitation prepayment charges.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

32. **GUARANTEE**

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's heirs, executors, successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment, any renewals, any extension, deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's heirs, executors, personal representatives, successors and assigns, and will not be altered by the bankruptcy of the borrower or any guarantor.

33. **DISCHARGE**

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day shall be deemed to have been received on the next following business day. We further reserve the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts arising after the discharge statement is issued are also fully paid to us. You will pay our usual administration and processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. **ADMINISTRATION AND PROCESSING FEES**

In addition to the administration and processing fees set out in other paragraphs of the mortgage, you also agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, any fees referred to in paragraph 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage from the date such fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you, including, but not limited to, providing copies of documents from your file, providing duplicate documents, providing an amortization schedule, offsite retrieval of your file or information or documents requested by you, providing a detailed breakdown of your payment history or tax account, audit verification, courier charges, and our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

Such amounts shall be immediately payable by you to us and if you do not pay them, we may, at our option, note you in default under this mortgage or elect to add such amounts to the loan amount, or both.

The amount of any such fees is subject to change at any time or times without notice to you. The amount of such fees in effect at any particular time is available by contacting us.

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35. **PORTABILITY**

If you have complied with all your obligations under the mortgage, upon written application by you, the bona fide arms length sale of your property and the purchase by you of another property (the "new property") within 90 days of the sale of your property, we will provide financing for your purchase of the new property on the security of a mortgage (the "new mortgage") registered on title to the new property, provided that:

a) On the date of completion of the sale of the property, an amount sufficient to pay the principal amount outstanding, interest to the date of the new mortgage and any prepayment charges payable according to the prepayment provisions set out in paragraph 9 above that apply to the mortgage will be held by us, to be released upon registration of the new mortgage within the 90-day period;

b) You will continue to make regular mortgage payments as referred to in paragraph 7 above;

c) The mortgage must be transferred to the new property with no changes in outstanding balance, interest rate, terms or other conditions applicable herein;

d) If the new mortgage is not registered within 90 days of such sale, the amount referred to in (a) above will be applied to prepay the mortgage in full, including payment of any prepayment charge payable according to the prepayment provisions set out in paragraph 9 above, and to pay any applicable administration fees; and

e) our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage will apply to your application and must be met, including the CMHC or Genworth mortgage insurance requirements, if applicable, and you will be responsible for paying all applicable processing or administration fees, all CMHC or Genworth insurance premiums, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

36. **FAMILY LAW ACT**

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O 1990, c. F.3 (as amended or replaced).

37. **DOCTRINE OF CONSOLIDATION**

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

38. **DATE OF MORTGAGE**

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document regardless of the date of the signature(s).

39. **ONTARIO NEW HOME WARRANTIES PLAN ACT**

If the *Ontario New Home Warranties Plan Act*, R.S.O 1990, c. O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

40. **WHO IS BOUND**

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anyone else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

41. **PARTIAL INVALIDITY**

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

42. **PARAGRAPH HEADINGS**

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

43. **NATIONAL HOUSING ACT**

All CMHC insured mortgages are made in pursuance of the *National Housing Act*, R.S.C. 1985, c. N - 11, as amended or replaced from time to time.

44. **MAKING MATERIAL CHANGE**

Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the term of the mortgage will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not receive notice of the changes or agree to the changes in writing.

45. **U.S.A. RESIDENT**

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us. The interest rate on your mortgage is or will be based on our normal lending rates multiplied by a factor of 1.1111 which offsets our obligations to remit this tax to the U.S.A. tax authorities. This factor, however, is subject to change anytime during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority therein, makes a change to the amount of tax to be paid.

Examples:

If you are a resident of the U.S.A. at the time that the mortgage is initially entered into and the normal lending rate is 6.250% per annum, your interest rate will be 6.944% per annum (i.e., 6.250% x 1.1111); or

If you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% per annum, your new interest rate will be 6.944% per annum (i.e., 6.250% x 1.1111).

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46. **CLAWBACK CLAUSE (Cash Back Offer)**

If you have a mortgage which offered a "Cash Back" option and any of the terms and conditions of the original registered mortgage are amended or the mortgage is discharged, refinanced, ported, assumed or early renewed prior to its maturity date for any reason, you will repay us all or a portion of the cash amount received. The repayment is separate from any prepayment charges or fees applicable to the mortgage and we may add the repayment amount to the principal amount owing under the mortgage at the time of the amendment, discharge, refinance, port, assumption or early renewal.

47. **YOUR PERSONAL INFORMATION; BENEFICIAL OWNER**

You acknowledge that we may enter into this mortgage as nominee and/or agent on behalf of, and that we may assign this mortgage to, another entity (the "beneficial owner"), whether or not such beneficial owner is named in this mortgage. We may disclose your personal information to such beneficial owner, its agents, any assignee of such beneficial owner, and any service provider, as defined below. Your personal information includes all personal information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for such beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it. "Service provider" means a person or entity that has been engaged in connection with (i) the servicing, maintenance, collection or operation of this mortgage, or (ii) the provision of services or benefits to you, including loyalty programs.

During the course of our relationship we may collect financial and related information about you, including information about your mortgage, your transactions using our products and services, and information to identify you or qualify you for products and services or information we need for regulatory purposes. Your information may be collected from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

Your information may be used and disclosed in accordance with CIBC's privacy policies, as set out in its brochure "Your Privacy is Protected", as amended and/or replaced or supplemented from time to time. In addition, your information may be used to open, service, collect upon, process and maintain your mortgage.

DATED at Toronto, this 9TH **day of May, 2005.**

Patricia M. Knight
Solicitor for CIBC Mortgages Inc.

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Filing Date MAY 16th 2005
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

ICICI Bank

ICICI BANK CANADA

Land Registration Reform Act (Ontario)

SET OF STANDARD CHARGE TERMS

FIXED AND VARIABLE RATE RESIDENTIAL CHARGE/MORTGAGE

Filed by: ICICI Bank Canada
Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act, except to the extent that any provisions of this set of standard charge terms are modified, amended, supplemented or deleted in a schedule, if any.

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1. DEFINITIONS

In this set of standard charge terms:

"Act" means the means the *Land Registration Reform Act,* R.S.O. 1990, c.L.4, and any amendments thereto in effect at the time of execution and delivery of the registered document;

"actual mortgage rate" means the interest rate per annum calculated in accordance with the applicable interest calculation period, not in advance, all as set out in the mortgage and applicable as well after as before maturity, default and judgment;

"borrower", "you" and **"your"** mean each person who signs the mortgage as chargor and his, her or their successors and assigns and these terms may be used interchangeably in this set of standard charge terms;

"CMHC" means Canada Mortgage and Housing Corporation and its successors and assigns;

"ICICI Bank prime rate" means ICICI Bank Canada's annual rate of interest announced from time to time as its benchmark prime rate of interest for Canadian dollar loans, which rate is subject to change from time to time at ICICI Bank's sole discretion;

"interest adjustment date" means the interest adjustment date set out in the mortgage;

"Land Registry Office" means the Province of Ontario Land Registry Office where the property is registered;

"ICICI Bank", "lender", "we", "our" and "us" means ICICI Bank Canada, the chargee, and its successors and assigns;

"loan agreement" means the mortgage commitment and any other agreement between you and us setting out the terms of the loan or loans secured by the mortgage, as the same may be amended, renewed, extended, replaced or supplemented from time to time;

"loan amount" means, collectively, all present and future indebtedness and liability owing by you to us under or secured by the mortgage including, without limitation, the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

"maturity date" means the date set out in the mortgage on which the outstanding principal amount is due and payable;

"mortgage", when used as a noun, means for the non-electronic paper based registration system the Form 2 Charge/Mortgage of Land that you sign and any schedules attached to it, or, for the electronic registration system, a Charge/Mortgage of Land prepared in electronic format under Part III of the Act, as the case may, any schedules attached to it, and this set of standard charge terms, as any of these may be amended or renewed from time to time;

"Other Claims" means, collectively, any and all liens, charges, mortgages, statutory liens, liens for arrears of taxes, liens for arrears of condominium common element expenses or other condominium charges or expenses, executions, rights, and other encumbrances against, binding or affecting the property;

"principal amount" means the amount set out as the principal amount in the mortgage (as may be amended from time to time);

"property" means the real property legally described in the mortgage, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to any building or structure on the land or attached to or fixed to the land, including, without limitation, all additions, alterations, substitutions, improvements, equipment and other apparatus, fixtures, accessions and accretions of any kind or nature on the land and in the case of a condominium unit includes, without limitation, the common elements and any other interest you have in the condominium corporation (as defined in section 26) or its assets;

"registered document" means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format, and any schedules attached to it, and registered electronically pursuant to the provisions of Part III of the Act;

"schedule" means any schedule to the mortgage;

"section" or "subsection" refers to a numbered section or subsection of this set of standard charge terms;

"successor" means an heir, executor, administrator, personal representative or successor;

"taxes" means all taxes, rates and assessments of any nature or kind with respect to the property, whether federal, provincial, municipal or otherwise, including, without limitation, property taxes, school taxes, local improvement rates, interest and penalties payable and special assessments with respect to the property;

"term" means the term of the mortgage, which is the period commencing on the interest adjustment date and ending on the maturity date; and

"variable rate" or "variable interest rate" means the interest rate calculated pursuant to subsection 5(a).

2. EXCLUSION OF STATUTORY COVENANTS

The covenants deemed by subsection 7(1) of the Act to be included in the mortgage are expressly excluded from the mortgage.

3. OUR LOAN TO YOU

In consideration of our lending you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

a) if you own the property, you charge your entire interest in the property to us; or

b) if you lease the property, you charge and sublease to us your entire interest (including, without limitation, any option or right of first refusal to purchase) in the property for the entire term (except the last day) or renewal thereof (except the last day) of your lease; and

c) if you lease the property and you subsequently acquire the freehold title to the property, this mortgage will by operation of law become a mortgage of the freehold interest in the property to the same extent and effect as if you had been the owner of the freehold, free from encumbrances, at the date of the mortgage. For the purposes of this section, you hereby grant, mortgage and charge the freehold interest in the property to and in favour of us, such grant, mortgage and charge to take effect upon your acquiring freehold title to the property,

in each case, to secure repayment of the loan amount and the performance of all your obligations under the mortgage.

Our interest in the property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage and we have delivered to you a discharge of the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate that you are required to pay, and the frequency of the payments of principal and interest, are set out in the registered document. Interest will be calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period from and including the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at the interest rate set out in the registered document both before and after the balance due date in the registered document, default and judgment, until the loan amount has been paid in full.

5. VARIABLE INTEREST RATE (Applicable only to Variable Rate Mortgages)

a) Interest Rate

At any particular time, the interest rate payable by you is referred to in this section 5 as the "**current mortgage rate**". The frequency of the payments of principal and interest are specified in the mortgage. Interest is calculated semi-annually not in advance and is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

The interest rate payable by you specified in the registered document is a variable rate which is adjusted daily as the ICICI Bank prime rate changes from time to time. The interest rate payable shall be the rate per annum equal to the ICICI Bank prime rate plus or minus the number of percentage points per annum, if any, indicated in the registered document. The interest rate may change without any prior notice to you to reflect any changes in the ICICI Bank prime rate.

b) How you may determine your interest rate

After each change in the ICICI Bank prime rate, we may notify you by mail, electronic means or other means as we may from time to time determine, at the most current address we have for you of the changed ICICI Bank prime rate, its effective date and the current mortgage rate. The interest rate will still vary under subsection 5(a) even if we fail to send you such notice or you fail to receive it. The ICICI Bank prime rate in effect at any time is available by calling us at the telephone number set out in the loan agreement or by visiting the internet website set out in the loan agreement.

In the event that it may be necessary to prove the ICICI Bank prime rate applicable at any time, it is agreed that the certificate in writing of ICICI Bank setting out the rate as at any time shall be deemed to be conclusive evidence as to the rate at such time.

c) Deferred Interest

The amount of interest that has accumulated on the loan amount from one regular payment to the next which exceeds the regular loan payment is called "**deferred interest**". Interest at the current mortgage rate will be charged on the deferred interest from and including such regular payment date. On the next regular payment date, all interest which has accumulated on deferred interest from the previous regular payment date will be added to and become deferred interest and will itself bear interest from and including the regular payment date at the current mortgage rate. The amount of deferred interest from time to time may be obtained by contacting us. Deferred interest will apply to variable rate even if monthly payment amounts are increased with increases in interest rates.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or any other payment when required by the mortgage, we will charge interest at the rate provided for in the mortgage (called "**compound interest**"), both before and after maturity, default and judgment on all overdue amounts. You must pay compound interest immediately when we require, both before and after maturity, default and judgment. We will add any overdue amount (including interest and compound interest) to the loan amount.

7. REPAYMENT OF LOAN AMOUNT

a) Currency and Place

You will pay the loan amount to us in lawful Canadian dollars at the address set out in the mortgage or as you may be notified in writing. If any payment is made on a day that is not a business day, the payment will be deemed to be made on the business day next following the payment date. Business days do not include Saturdays, Sundays or statutory holidays for the Province of Ontario. Unless we otherwise agree in writing, any payments to be made by you are due and payable as provided in the mortgage.

b) Interest Adjustment Date

Interest on all advances up to the interest adjustment date will be calculated in the manner and at the rate specified in the registered document in effect on the date of each advance up to but not including the interest adjustment date. At our option, such interest will either be paid by you or deducted from the principal amount by us on the interest adjustment date, be deducted by us from any advance or advances which we make, or be deducted by us on the first regular payment date.

c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document, starting with the first payment date until and including the maturity date. You will pay the outstanding balance of the loan amount on the maturity date.

d) Payment Provisions on Default

If you do not make a payment when required or do not meet any of your other obligations specified in the mortgage, you must, at our option, immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes and insurance premiums (if applicable) on a monthly basis. In such an event, we may (subject to any other provisions of the mortgage) require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also exercise our rights under section 18.

e) Bank Account for Payments

You will maintain an account of a type satisfactory to us with ICICI Bank, a branch of a Canadian chartered bank or trust company or such other bank, trust company or credit union as approved by us in writing and provide an authorization in a form acceptable to us to automatically debit each payment of principal, interest, taxes and insurance premiums (if applicable) when due. You will ensure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be a default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this section 7.

f) Principal Balance never to exceed 105% of Original Principal Amount (Applicable only to Variable Rate Mortgages)

In the event that the total of the outstanding principal balance of the mortgage plus all regular and variable accrued interest thereon equals or exceeds 105% of the original principal amount, you shall be required to:

i. increase the amount of your regular mortgage principal and interest payment so that the mortgage will be repaid in full over the registered amortization period, less the amount of time that has elapsed since you took out the mortgage;

ii. make a lump sum payment on account of principal plus regular and variable accrued interest in order that the resulting balance not exceed

100% of the original principal amount for the remainder of the current term;

iii. convert the mortgage to one having a fixed rate of interest, equal monthly payments for any term then being offered by us for *National Housing Act*, R.S.C. 1985, c. N-11, as amended or replaced from time to time, insured loans. There will be no charge for converting to the longer term. The rate will be the current posted rate for the appropriate term. The rate change will be effective on the first of the month following notification, in writing, of the requested modification; or

iv. a combination of any of (i), (ii), or (iii).

If you are unable to do one of (i), (ii), (iii) or (iv) above, then, at out option, the mortgage will become immediately due and payable.

g) Term/Amortization (Applicable only to Variable Rate Mortgages)

The annual interest rate specified in the mortgage is subject to variations as set out herein. The principal and interest payment, however, may be fixed during the term of the mortgage unless changed by you pursuant to the terms of the mortgage, if applicable. Payments are applied to the current interest on the outstanding principal amount owing up to the date of such payment and then the balance, if any, to the principal amount. If the ICICI Bank prime rate increases, a larger portion of the regular payment will be applied to interest and a smaller portion to principal, with the result that the balance owing on the maturity date may be larger than the amount originally set out in your mortgage disclosure statement. If the interest rate rises such that your principal and interest payment will no longer cover the interest portion of the mortgage owing, the amortization period of the mortgage may increase. In such a case, you may be required to increase the amount of your regular principal and interest payment so that the mortgage will be repaid in full over the registered amortization period, less the amount of time that has elapsed since you took out the mortgage.

h) How We Apply Your Payments

Each of your regular payments will be used in the following order: (i) to pay insurance premiums payable in respect of the mortgage, if any; (ii) to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the mortgage, including tax accounts; (iii) to pay for the cost of optional services made available by us and selected by you, if any; (iv) to pay any collection expenses or any applicable administration or processing fees; (v) to pay interest or reduce the interest (including any deferred interest, outstanding interest or late interest charges) on the principal amount accumulated to but not including the payment date; and (vi) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage, we may apply your payment or any other money we receive towards any part of the loan amount we choose.

8. PREPAYMENT RIGHTS

a) Fixed Rate Closed Mortgages

If you are not in default under the mortgage, you may on any regular payment date, prepay an amount or amounts to be applied to the outstanding principal amount without penalty or bonus provided that:

i. the property does not contain more than four living units and is not being used in whole or in part for commercial, industrial or non-residential purposes;

ii. each such prepayment is at least $100;

iii. the total of all such prepayments during any 12-month period from the interest adjustment date or an anniversary of such date does not total more than 20% of the principal amount set out at the beginning of the term;

iv. if you do not completely use such prepayment privilege in any 12-month period from the interest adjustment date or an anniversary of such date, it cannot be carried forward to the next or any future such 12-month period; and

v. if you are not in default under the mortgage, you may, effective any regular payment date and on written notice to us, increase your regular payments without penalty, provided that the maximum amount of the increase to your regular payment will be 20% of your regular principal and interest payment as set out in the mortgage at the beginning of the term. After you have increased your regular payment amount, you may, effective any payment date, decrease your regular payment amount to an amount not less than the principal and interest payment as set out in the mortgage at the beginning of the term.

Such prepayment privilege shall not be cumulative. Any other early repayment may only be made upon the payment of the "**prepayment interest rate differential amount**" or three months' interest at the actual mortgage rate calculated on the loan amount, whichever is greater. The term ""**prepayment interest rate differential amount**" means the amount determined in subsection i. below *minus* the amount determined in subsection ii. below:

i. the interest costs calculated from the prepayment date to the maturity date of your mortgage at your existing annual interest rate (plus any discount you received on your existing annual interest rate) on the amount prepaid *by you; and*

ii. the interest costs calculated at the reinvestment rate (the posted rate for the remaining term of the mortgage) from the date of prepayment to the maturity date of your mortgage on the amount prepaid by you.

b) Variable Rate Mortgages

If you are not in default under the mortgage, you may, on any regular payment date, prepay an amount or amounts to be applied to the outstanding principal amount, without penalty provided that:

i. the property does not contain more than four living units and is not being used in whole or in part for commercial, industrial or non-residential purposes;

ii. each such prepayment is at least $100;

iii. the total of all such prepayments paid during any 12-month period from the interest adjustment date or an anniversary of such date does not total more than 20% of the principal amount set out at the beginning of the term;

iv. if you do not completely use such prepayment privilege in any 12-month period from the interest adjustment date or an anniversary of such date, it cannot be carried forward to the next or any future such 12-month period; and

v. if you are not in default under the mortgage, you may, effective any regular payment date and on written notice to us, increase your regular payments, without penalty, provided that the maximum amount of the increase to your regular payment will be 20% of your regular principal and interest payment in the mortgage at the beginning of the term. After you have increased your regular payment amount, you may, effective any payment date, decrease your regular payment amount to an amount not less than the principal and interest payment as set out in the mortgage at the beginning of the term.

Any other early repayment may only be made upon the following conditions where you will have to pay the higher of the amounts referred to in (i) or (ii) below:

i. the mortgage can be prepaid in full on payment of with three months' interest penalty at the interest rate stipulated in the mortgage; OR

ii. the mortgage can be prepaid in full on payment of the interest rate differential, which is the difference between:
    a) the interest costs calculated from your last scheduled regular payment date which falls on or before the prepayment date (whether or not such regular payment was made) to the maturity date of your mortgage at your existing annual interest rate (plus any discount your received on your existing annual interest rate) on the amount prepaid by you; and
    b) the interest costs calculated at the reinvestment rate (the applicable posted rate for the remaining term) from your last scheduled regular payment date which falls on or before the date of prepayment (whether or not such regular payment was made) to the maturity date of your mortgage on the amount prepaid by you.

9. CONVERTIBILITY

You shall be entitled at any time when not in default under the mortgage to ask for an amendment to the mortgage. If we agree to amend the mortgage, such amendment shall be in accordance with a mortgage amending agreement in form and substance satisfactory to us, which shall stipulate, among other things, the date on which the amendments in the mortgage amending agreement take effect, and an interest rate and other terms to be mutually agreed by us and you at the time the mortgage amending agreement is entered into.

10. EARLY RENEWAL (Applicable only to Fixed Rate Mortgages)

In the event that the mortgage is amended to extend the term hereof, the date of the mortgage for the purpose of the application of section 10 of the *Interest Act* (Canada), R.S.C. 1985 c. I-15, as amended or replaced from time to time, or any similar federal or provincial legislation permitting prepayment, shall be conclusively deemed to be the first day of the last extension of time for payment and the mortgage as amended shall not, at any time or times, be subject to prepayment, in whole or in part, save as may be herein provided.

If the property contains more than four living units or if the property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have complied with all of your obligations under the mortgage and the property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the maturity date. You must apply to us in writing to use this right of early renewal. You may renew the mortgage by selecting from the mortgage options that we offer at the time that you apply for early renewal and you must sign a mortgage amending agreement acceptable to us which will contain the applicable interest rate and other terms and conditions of the amendments to the mortgage. You agree to pay us our then current administration and processing fees to renew the mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

11. CERTAIN PROMISES YOU MAKE TO US

a) You certify and agree with us that:

- i. you will pay the loan amount as required by the mortgage, will pay taxes as required under section 14, and will comply with all of your other obligations under the mortgage;
- ii. unless you are the tenant of the property, you are the lawful owner of the property and there are no encumbrances affecting title to the property;
- iii. you have the right to give us the mortgage;
- iv. there are no limitations affecting title to, or your interest in, the property except for any restrictions registered in the Land Registry Office and except for building and zoning by-laws, with which you have complied;
- v. to the best of your knowledge and belief, after reasonable enquiry and investigation:
  - A. no condition exists on the property which is in contravention of any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety;
  - B. no part of the property or of any adjoining land is, has been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements;
  - C. there are no underground or aboveground storage tanks on the property except in compliance with all laws, regulations, by-laws, orders and other legally binding requirements relating to underground and aboveground storage tanks, the protection of the environment, hazardous substances or public health and safety;
  - D. no part of the property contains or will in the future contain any hazardous substance except in compliance with all laws, regulations, by-laws, orders and all other legally binding requirements;
  - E. no claim, notice, order, investigation or other proceeding, in each case pursuant to any law, regulation, by-law, order or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety, has been made, issued or threatened in relation to any condition on the property; and
  - F. no part of the property is currently being used in non-compliance with any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety;
- vi. we may (but are not obligated to) require you, at your expense, to obtain an environmental audit assessment (which may include any intrusive environmental investigations of the property we deem necessary and desirable) of all or any part of the property, which environmental audit or assessment must be satisfactory to us, but such audit or assessment does not relieve you from your obligations under this section;
- vii. at any time that a change in the environmental condition on or with respect to the property makes any of the above statements untrue, you will provide us a written notice of such change immediately, including a copy, where applicable, of any correspondence with any regulatory body about the condition;
- viii. you will not, and will not allow any other person to, create or allow to exist, any condition on or with respect to the property that does or could constitute a violation of any law, regulation, by-law, order or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety now and as such requirements come into force in the future;

ix. all information that you have provided to us concerning your marital status and whether the property is a matrimonial home within the meaning of the *Family Law Act* (Ontario), R.S.O. c. F. 3, as amended or replaced from time to time, is true, complete and correct at the time the mortgage is signed and delivered;

x. all representations made by you in the loan agreement and in these standard charge terms are true, complete and correct at the time the mortgage is signed and delivered;

xi. you will, at your expense and at our request, whether before or after default, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that your entire interest in the property has been fully charged to us and that the loan amount is adequately secured;

xii. if you default in any of your obligations under the mortgage, or any other default occurs, we will have the right to take possession of the property without any encumbrances or interference;

xiii. you will take any action necessary to protect your title to the property including, without limitation, protecting your rights under any applicable legislation of any municipal, provincial or federal government or regulatory body and you will not in any way interfere with our interest in the property;

xiv. you will not without our prior written consent further encumber the property and will keep the property free and clear of any Other Claims and any subsequent charges or mortgages;

xv. you agree that we may (but shall not be required to) pay the whole or any part of any Other Claims at any time having priority over the mortgage. The amounts so paid will be payable by you to us on demand and will, until paid, be included in the loan amount, be secured by the mortgage and bear interest at the actual mortgage rate. We will be entitled to the equities and the rights and securities of the person or persons so paid and to obtain an assignment of any Other Claims so paid and of any right to payment and we are authorized to retain any discharge of any Other Claims, without registration, until payment to us of the Other Claims in full; and

xvi. we have the right to assign the mortgage and the payment of amounts secured by the mortgage, and any assignment by us will not cause the mortgage to cease to operate or entitle you to a discharge of the mortgage.

b) If you are a tenant or lessee of the property, you also agree with us that:

i. the property is leased to you under a valid lease, a complete copy of which you have given to us and that you have good leasehold title to the property;

ii. all rents and other monies payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

iii. you have the consent of your landlord or lessor or you have the right, without your landlord's or lessor's consent, to charge your interest in the lease to us;

iv. there are no limitations on your interest in the lease or the property except for any set out in the lease, except for restrictions registered in the Land Registry Office and except for building and zoning by-laws, with which you and your landlord or lessor have complied;

v. you will pay rents and other payments required by the lease as they fall due;

vi. you will comply with all your other obligations set out in the lease;

vii. you will not surrender the lease or cause it to be terminated or assign the lease or any of your rights under the lease or sublet all or any part of the property;

viii. you will not make any change in the lease without first obtaining our written consent;

ix. where the lease contains an option to renew the term of the lease or a right of first refusal to lease or purchase the property, you will not allow any such right or option to lapse at any time while there remains any outstanding loan amount without our prior written approval;

x. you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

xi. you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in the property and in the lease has been fully charged to us and that the loan amount is adequately secured;

xii. you will indemnify us against all actions, claims, costs and demands should you default under your lease;

xiii. you will hold the property for the last day of the term of your lease or of any renewal term of the lease in trust for us and will only deal with it in such manner as we will require. You will have the same rights arising from this subsection 11(b)(xiii) as you already have under other provisions of the mortgage and at law;

xiv. at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal term. If we enforce our rights under the mortgage, particularly those referred to in subsection 25(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's successors;

xv. you irrevocably appoint us as your attorney so that we, on your behalf and in your name, may enforce any of the covenants in your favour under the lease, exercise any right or option available to you under the lease (including any right of renewal or termination) or assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under section 25 and, in particular, under subsection 25(a)(iv);

xvi. we may remove you or any other person as trustee of the trust referred to in subsection 11(b)(xiv) and appoint a new trustee or trustees; and

xvii. you acknowledge that any breach of a term of the lease constitutes a default under the mortgage, and you agree that we have the right (but not the obligation) at any time to pay any amount outstanding under the lease or take any action as may be necessary to bring the lease into good standing, and to add all amounts paid by us and all costs incurred by us to the loan amount secured by the mortgage.

12. DEMOLITION AND ALTERATIONS

You agree not to demolish the whole or any part of any building or structure on the property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to the property without first obtaining our written approval to your proposed plans and specifications. In either case, we may withhold our approval in our sole discretion.

The above work must be completed as quickly as possible and in accordance with all governmental requirements and building standards that apply to the property, at your expense, and upon our request you will provide us with proof of payment and compliance with governmental requirements and building standards. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses including, without limitation, any charges for providing financial guarantees or other security, are immediately payable by you to us and, if you do not pay them, we will add them to the loan amount and they will bear interest at the actual mortgage rate.

13. INSURANCE (Section 13 does not apply if the property is a single residential condominium unit)

You must insure and keep insured in our favour until the mortgage is discharged, the property, including without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property for not less than their full replacement value in Canadian dollars. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower or sprinkler system or any other comparable apparatus is operated on the property, you must also insure and keep insured in our favour and until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and that we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the actual mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not including, without limitation, an amount to compensate us for loss of interest.

14. PROPERTY TAXES

Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay taxes then owing or to anticipate future payments of taxes.

You are responsible for the payment of all taxes on the property, which you will pay on or before the dates due. Promptly upon our request, you will provide us with all the receipted tax bills or a tax certificate confirming that all taxes are paid, failing which you will repay to us the cost of obtaining such receipts or tax certificate and if not paid we will add such cost to the loan amount.

In the alternative, and notwithstanding any other provisions of this section 14, we may, at our option and on written notice to you, estimate the amount of taxes payable for the property each year and you agree to pay to us sufficient monies by equal instalments (based on the payment frequency of the mortgage) to be applied on account of such taxes. You will pay the instalments to us on each payment due date during the term. We agree to apply these payments against your taxes as long as you are not in default under the mortgage, although we are not obligated to apply payments on account of your taxes more often than annually. We do have to hold any moneys which you send us under this section 14 in trust, nor pay interest on them. If you have paid us instalments towards taxes and if before we have been able to pay these taxes to the appropriate tax authority you have defaulted in the payment of principal or interest or the payment of any other monies to be paid by you under the mortgage, or have not complied with any of your other obligations under the mortgage, then we may, at our option, apply such sum or sums towards payment of the principal and/or interest or to the payment of any other monies to be paid by you which are in default. If the taxes actually charged for any one year, together with any interest and penalties, exceed the estimated amount, you agree to pay us promptly upon written notice from us the amount required to make up the difference. If you desire to take advantage of any discounts or avoid any penalties in connection with the payment of taxes, you may pay to us such additional amounts as are required for that purpose. If we are paying your taxes, you agree to send to us the tax bills and other notices or communications relating to taxes immediately after you have received them, failing which you will repay to us the cost of obtaining such documentation and, if not paid, we will add such cost to the loan amount. If we advance to you additional principal amounts under the mortgage, we may deduct from any additional principal amount advanced the amount required to pay any outstanding taxes.

If you do not make your tax payments when they are due, then we may, but will not be obligated to, make those payments for you and the amounts paid by us: (i) will be a charge on the property in favour of us in priority to all claims subsequent to the mortgage; (ii) will be payable by you immediately with interest at the actual mortgage rate until paid; and (iii) may, at our option, be added to the loan amount.

15. REPAIRS

You agree to keep the property in a good condition and state of repair and carry out all necessary repairs. You agree not to do, or let anyone else do, anything which lowers the value of the property. You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the property.

If, in our opinion, you do not keep the property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this section 15, then we can make whatever repairs are, in our opinion, necessary. The costs of any inspections and repairs are payable by you immediately and, if not paid, will be added to the loan amount and will bear interest at the actual mortgage rate.

You authorize us or anyone on our behalf to enter the property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, not to advance to you all or any part of the principal amount or any additional principal amounts, we are not obligated to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount has previously been advanced. However, by signing the mortgage you have charged all of your interest in the property to us and you will pay us, on demand, all of our costs including, without limitation, legal fees (on a solicitor and client basis), title insurance, expenses for investigating title or zoning compliance of the property and for preparing and registering the mortgage.

17. LEASES AND RENTS

If the property is intended to be used as an owner-occupied single-family residential premises, you represent and agree that no part of the property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement or lease of the whole or any part of the property or renew any lease (other than a renewal provided for in any lease) without first obtaining our written approval which we may withhold in our sole discretion. You agree to keep us informed of the status of occupancy.

If the property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect the property. You must obtain our prior written approval for any future leases of the property or for the renewal of any lease (other than a renewal provided for in any lease).

If in the future you decide to lease the whole or any part of the property to another person or persons, you must first obtain our written approval which we may withhold in our sole discretion. If we give our approval, upon our request you will:

a) execute and deliver to us an assignment in registrable form acceptable to us of all leases, lease agreements and their renewals, rents payable under all such leases and lease agreements and all rights thereunder as they affect the property, which assignment may, at our option, include a provision for estoppel certificates from tenants or specific assignments of leases; and

b) give us security on chattels, fixtures and equipment as we may reasonably require,

and you agree to pay all of our expenses including, without limitation, legal fees, registration charges and other costs, relating to such additional security.

If you do not comply with any of your obligations or breach any of your representations under this section 17, at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling the property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount and will bear interest at the actual mortgage rate. You hereby irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

Nothing we do under this section 17 will put us in possession of the property and we are not obliged to collect any rent or income from the property or to comply with any term of any lease or agreement.

Rental of any part of the property without our prior written approval will be considered to have been done to discourage us from taking possession of the property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in the property within the meaning of section 52(1) of the *Mortgages Act*, R.S.O 1990, c. M. 40, as amended or replaced from time to time.

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, you shall forthwith pay the loan amount to us, and all of our rights and remedies pursuant to the mortgage or otherwise available at law shall become exercisable, upon the occurrence of any one or more of the following events of default (any one of which may be referred to in these standard charge terms as a "**default**"):

a) you do not make any payment of principal, interest or other amount required to be made by you under the mortgage;
b) you do not comply with any of your other obligations under the mortgage or the loan agreement, or you breach a covenant that you made in the loan agreement or the mortgage;
c) we discover that any statement, certification, representation, warranty or agreement given or made to us by you or any guarantor in applying for the loan, in the loan agreement or in the mortgage (including, without limitation, any of those contained in section 11) is untrue, inaccurate, incomplete or misleading in any way;
d) any construction lien, conditional sale agreement, notice of security interest, or other lien is registered on title to the property or any lien is created as a result of unpaid property taxes or (if the property is a condominium unit) unpaid common expenses;
e) you default in the observance or performance of any obligation or condition contained in any mortgage, charge, lien or encumbrance to which our mortgage is subject or subordinate;
f) any buildings being erected on or additions, alterations or improvements done to the property remain unfinished without work being done on them for a period of ten consecutive days;
g) all or any part of the property is expropriated;
h) the property is abandoned; or
i) if there is any material adverse change in the value of the property or your financial status or that of any guarantor on which we relied in making any advances under the mortgage.

We have the right to waive or forgive any particular default by you but if we do so we are not waiving or forgiving any other existing default or one or more defaults, which may occur in the future.

19. BUILDING MORTGAGE

If any of the principal amount to be advanced under the mortgage is used to finance an **"improvement"** (meaning any construction, erection or installation on the property or any alteration, addition or repair to or demolition or removal of all or any part of any building, structure or works on the property), you must first obtain our written approval of this before any advances are made under the mortgage. You agree to make the improvement only in accordance with plans and specifications which we have approved in advance in writing and to complete the improvement as quickly as possible.

Subject to section 16, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. We will decide whether advances may be made and when they will be made.

Whatever the purpose of the mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, c. C. 30, as may be amended or replaced from time to time, or any other applicable construction lien legislation have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on the property.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of the property, whether or not we receive any value and we will be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of the property, the remainder of the property will continue to secure the loan amount and your obligations, and those of any guarantor, under the mortgage will continue unchanged. You will pay our then current administration or processing fee for preparing and signing the discharge and all legal and other expenses, whether the discharge is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge on title to the property and to pay the registration costs. If the property is subdivided, each part of the property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE (This section is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by an agreement (in form and substance acceptable to us) with you, with or without any increase in the interest rate or the principal amount. It will not be necessary for us to register the agreement (including any agreement increasing the principal amount or interest rate provided for in the mortgage) on title to the property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to the property after the mortgage at the time any agreement is entered into. However, we are entitled to make any registrations against title as we deem necessary and if requested, you will assist us with any registration we may make. The entering into of any agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such agreement.

22. DUE ON SALE; CHANGE OF CONTROL

If you transfer title to the property to anyone or agree to do so, or if you change the effective voting control of any borrower which is a corporation or agree to do so, without first obtaining our written approval, the loan amount will, at our option, immediately become due and payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

You or the proposed purchaser, grantee or transferee shall execute and deliver to us an assumption agreement (in form and substance satisfactory to us and prepared at your expense) wherein such purchaser, grantee or transferee agrees to personally assume all of your obligations under the mortgage, and you or such purchaser, grantee or transferee shall provide us with a copy of the registered Transfer/Deed of Land to such purchaser, grantee or transferee together with a guarantee agreement(s) (if required by us); and if any of this is not done, then, at our option, the loan amount shall forthwith become due and payable.

No change of ownership of the property or any part thereof or other dealing by you with the property or any part thereof shall in any way change your liability or affect, alter or prejudice our rights against you or any other person liable for payment of the loan amount hereby secured.

23. CERTAIN ACTIONS WE CAN TAKE

If we think it is necessary, we can, but are not required to, pay any Other Claims that have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee under a lease of the property, we can, but are not required to, cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not required to, perform those obligations. Where you are a tenant or lessee of the property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal will be subject to the mortgage. You must immediately reimburse us for all payments that we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage and any expenses incurred by us (including, without limitation, our legal expenses) in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations in accordance with the mortgage, which are not immediately reimbursed to us will be added to the loan amount and such payments will be charged interest at the actual mortgage rate from the date we pay them. Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the actual mortgage rate.

If we have not received a solicitor's final title opinion and report within 90 days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

24. ENVIRONMENTAL MATTERS

You agree that we or our agents (or agents of CMHC if this is a CMHC insured mortgage) may at any time before or after default and for any reason enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or CMHC consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the actual mortgage rate chargeable under the mortgage, will be immediately payable by you and will be a charge on the property. None of us, CMHC, our agents and the agents of CMHC will become mortgagee in possession of the property or have management or control of the property by exercising these rights.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200521 Coto

25. ENFORCING OUR RIGHTS

a) Remedies

If you do not make any payment when required under the mortgage (including without limitation payment of the loan amount if accelerated under section 18), or do not comply with any of your other obligations under the mortgage, or if a default (as defined in section 18) occurs under the mortgage, we may enforce any one or more of the remedies listed below in any order, separately or together to the extent that such remedies are available in the Province of Ontario.

Our remedies are:

i. **Commence an Action** - We may take court proceedings or such other action as we deem necessary to collect the loan amount or obtain possession of the property.

ii. **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to the property. If we obtain a final order of foreclosure from the court, the property will become ours. We may also ask the court to order the sale of the property under its supervision. If the net amount we receive from the sale of the property is less than the loan amount, you must pay us the difference. We may also ask the court to order the sale of the property under its supervision. If the net amount we receive from the sale of the property is less than the loan amount, you must pay us the difference.

iii. **Lease the Property** - If your default continues for 15 days, we may, on 15 days' notice to you, enter on and lease the property; if your default continues for 30 days we may, without notice to you, enter on and lease the property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds of any lease are less than the loan amount, you must pay us the difference.

iv. **Power of Sale** - If your default continues for 15 days we may, on at least 35 days' written notice to you delivered in accordance with the *Mortgages Act* (Ontario), R.S.O. 1990, c. M. 40, as amended or replaced from time to time, enter on and sell the whole or any part of the property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may in our sole discretion cancel, amend or not complete any contract of sale without being responsible for any resulting loss. The net proceeds from any sale of the property will be applied to reduce the loan amount.

v. **Enter on the Property** - We can enter on the property at any time without your permission and make any necessary arrangements to inspect, collect rents or manage the property or repair or complete construction of any building or other improvement on the property. Any costs we incur will be added to the loan amount and will bear interest at the actual mortgage rate.

vi. **Appoint a Receiver** - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from the property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any monies received by the receiver except to the extent that we actually receive any such monies. The receiver may use every remedy which we have under the mortgage to collect the income from the property, take possession of the whole or part of the property, manage the property and keep it in good condition. From the income collected, the receiver may pay all rents, taxes, rates, insurance premiums and other expenses required to keep the property in good condition, his own commission as receiver, all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing, interest owing under the mortgage and all or any part of the loan amount whether or not it is due.

vii. **Possession** - We can take possession of the property at any time, without permission, and take all necessary action to recover and keep possession of the property. We will not be considered to be a mortgagee in possession unless we actually take possession of the property. We may lease or sell the property without actually entering into possession of the property but when we wish to take possession we may break locks and bolts and while in possession we will only be accountable for monies actually received by us.

viii. **Distress** – Subject to applicable laws, we may distrain for payment of amounts owing under the mortgage, against the property or any part of it and all chattels situated thereon and recover by way of rent reserved as in the case of a demise of the property, the amounts in arrears and all costs and expenses incurred in such distress. You waive the right to claim exceptions and agree that we shall not be limited in the amount for which we may distrain.

ix. **Cure any Defaults** – We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

x. **Assignment of Rents** – You assign to us all rents from the property. This assignment will take effect upon a default under the mortgage.

b) Notice

Notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice of sale shall not be required by law or to the extent that any notice requirements shall not be applicable, notice may be effectually given by leaving it with a person on the property, if occupied, or by placing the same on some portion thereof, if unoccupied, or at our option, by mailing it by registered mail addressed to you at your last known address, or by publishing it once in a newspaper published in the area or region in which the property is situated.

c) Proceeds of Sale or Lease

The proceeds of any sale or lease shall be applied firstly in payment of any costs (including legal fees on a solicitor and his or her own client basis), expenses, commissions and fees which may be incurred in taking, recovering, keeping possession of, maintaining and preserving the property or in making any sale of lease of the property (as the case may be), the amount of Other Claims as we are required to pay or deem necessary to be paid, charges, mortgages or encumbrances ranking in priority to this mortgage, leases and conveyances as aforesaid or by reason of non-payment or procuring payment of any amounts owing under the mortgage (including sums which we have paid for taxes, insurance, repairs, maintenance, utilities, common expenses and other amounts added thereto or payable by you to the condominium corporation if the property is or includes a condominium unit); and thereafter to reduce the loan amount in the manner determined by us in our sole discretion and, for greater certainty, you shall continue to be liable for and shall pay to us any portion of the loan amount which then remains unpaid.

d) No Interference

If, in enforcing any of our remedies, we take possession of the property, neither you nor any person claiming an interest in the property through you will interfere with our possession, with the possession of any receiver we may appoint or with the possession of any person to whom the property is leased or sold and you will not make any claim against any person to whom the property may be leased or sold.

e) Our Expenses

You agree to pay immediately upon our request all of the expenses which we incur in collecting any payment under the mortgage that you did not make when due, in enforcing your other obligations in accordance with the mortgage, and in enforcing any of our remedies. These expenses include our legal fees on a solicitor and client basis and disbursements, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees. Any such expenses which are not immediately reimbursed to us will be added to the loan amount and will be charged interest at the rate specified in the registered document from the date we pay them.

f) Delay in Enforcement

Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations, require payment of the loan amount if you are in default and require any other person including, without limitation, a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payments unless you also give us interest to the date of subsequent payment.

g) Judgments

If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not operate as a merger of any covenant of the mortgage and will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage. Until the loan amount is paid in full, interest is payable on the loan amount in accordance with the mortgage.

h) No Prejudice from Failure to Enforce Our Rights

A failure by us to enforce at any time or from time to time any of our rights under the mortgage will not prejudice our rights or any other rights that we have under the mortgage or at law. No performance or payment by us in respect of any breach or default by you under the mortgage will relieve you from any default under the mortgage, and no waiver at any time or from time to time of any such rights by us will prejudice such rights in the event of any future default or breach.

26. CONDOMINIUM

If the property is a condominium unit, you agree to comply with the provisions of this section 26 in addition to the other provisions of the mortgage other than section 13.

The corporation created by the registration of a declaration under the *Condominium Act*, R.S.O 1990, c. C. 26 (as amended or replaced from time to time) or the *Condominium Act*, S.O. 1998, c. 19 (as amended) is called the **"condominium corporation"**.

a) Compliance with the Condominium Act

You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

b) Payment of Common Expenses and Other Costs

You will pay all amounts required by the *Condominium Act*, and by the declaration and the by-laws of the condominium corporation on or before the date they are due and, if we request, give us proof that you have done so. You must pay common expenses, contributions, levies or assessments. If you do not make any payments which you are obligated to pay, we may (but are not obligated to) do so on your behalf and add such amounts to the loan amount and such amounts will bear interest at the actual mortgage rate and you will be in default under the mortgage.

c) Notices and Demands

You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least five days before any claim or demand is payable or, in the case of other communications, within five days of the date you receive them.

d) Voting Rights

You irrevocably authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* and under the declaration and by-laws of the condominium corporation to vote at any meeting of the condominium corporation and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent. Our wish not to vote or consent can be for a limited period of time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

e) Acceleration of Repayment of Loan Amount

At our option, the loan amount will become payable immediately if:

i. government of the property of the condominium corporation under the *Condominium Act* is terminated;
ii. a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
iii. the condominium corporation fails to comply with the *Condominium Act*, declaration, by-laws or rules and regulations;
iv. the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair;
v. the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost, or fails to do all that is necessary to collect insurance proceeds;
vi. the condominium corporation makes any substantial modification to the common elements or the corporation's assets without our approval; or
vii. there has been substantial damage to the property of the condominium corporation and the owners have voted for termination of the condominium corporation.

Our rights to cause the loan amount to become payable immediately will not be affected by the fact that we may have voted in favour of or consented to any of the foregoing.

f) Insurance

If the property is a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property, including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property not required to be insured by the condominium corporation as determined by the *Condominium Act* or the declaration of the condominium corporation on the property for not less than their full replacement value in Canadian dollars.

Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure against loss or damage by fire with extended perils coverage and against such additional risks as we may at any time require all improvements or those improvements required by the *Condominium Act* or by-laws of the condominium corporation which at any time have been made to the property.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the actual mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the loan amount, whether due or not including, without limitation, an amount to compensate us for loss of interest.

You will, and to the extent it is within your control will cause the condominium corporation to, assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation fails to keep the buildings and improvements insured or provide us at least 15 days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

27. INSPECTION

If we, CMHC (if this is a CMHC insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC or our respective agents may, at any time, before or after default, enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or CMHC consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the actual mortgage rate, will be immediately payable by you and shall be a charge on the property. Neither we, CMHC nor our respective agents will become a mortgagee in possession, management or control by exercising these rights.

28. EXPROPRIATION

If the entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of the property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of the property does not constitute adequate security for the loan amount, then, at our option, all of the loan amount, or such part of the loan amount as we determine in our sole discretion, will immediately become due and payable together with loss of interest.

We have the right to order a survey and/or property valuation of the property in order to ascertain the value of the expropriated land and the remaining land. Any and all reasonable costs, charges and expenses for such survey and/or property valuation will be added to the loan amount and will bear interest at the actual mortgage rate, and will be a charge on the property under the security of the mortgage.

29. GUARANTEE

In consideration for us making a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor covenants and agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when, and in the manner, required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage at the times and in the manner provided in the mortgage. Each guarantor, if there is more than one, will be jointly and severally liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with the mortgage or any other security we may hold (including, without limitation, releasing, realizing on or replacing any security), deal with the property, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower either before or after requiring payment from any person without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor will also be those of the guarantor's successors and will not be altered by the bankruptcy of the borrower or any guarantor. Each guarantor agrees that the guarantor has read the mortgage and is fully aware of its terms and in particular the terms of this section 29.

30. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

31. DISCHARGE OF MORTGAGE

Upon maturity or early full payment of this mortgage, a discharge or assignment, if requested by you, will only be delivered upon full payment being received by us in accordance with our latest issued and current discharge statement. For purposes of calculating per diem interest on a discharge, funds received after 3:00 p.m. on any business day shall be deemed to have been received on the next following business day. We further reserve the right to refuse a discharge or transfer of the mortgage until any charges or returned cheque amounts arising after the discharge statement is issued are also fully paid to us.

You will pay our then current administration or processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on title to the property and to pay the registration fee. If electronic registration is available for the mortgage, we may register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

32. FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, discharges, amending or other agreement, statements for information purposes, any fees referred to in subsection 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of the mortgage. You agree that we may add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the actual mortgage rate.

The amount of such fees in effect at any time is available by contacting us at the telephone number set out in the loan agreement, or such other telephone number as we may advise you of from time to time.

33. FAMILY LAW ACT

You certify to us that all information which you gave us about your marital status and the property when applying for the loan secured by the mortgage, and the statements made herein and in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act,* R.S.O., 1990, c. F.3, as amended or replaced from time to time.

34. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

35. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, and subject to the provisions of section 10, the date of the mortgage will be deemed to be the interest adjustment date set out in the mortgage, regardless of the date of signature that appears in the registered document.

36. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. O.31, as amended or replaced from time to time, applies to the property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

37. WHO IS BOUND; INTERPRETATION

Every reference in this document to a party hereto shall extend to and include the successors and assigns of such party. The mortgage shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto. If more than one person signs the mortgage as borrower, then all persons who sign as borrower are jointly and severally liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes. Words in the singular include the plural and words in the plural include the singular.

38. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

39. SECTION HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

40. NATIONAL HOUSING ACT

All CMHC insured mortgages are made pursuant to the *National Housing Act* (Canada), R.S.C. 1985 c. N-8, as amended or replaced from time to time, and the regulations thereunder, as amended or replaced from time to time. If there is any conflict between any provision of the mortgage and any requirement of the said *National Housing Act* (Canada) or any regulations thereunder, any latter requirement shall govern.

41. GOVERNING LAW

These standard charge terms and the mortgage will be governed by the laws of the Province of Ontario.

42. MAKING MATERIAL CHANGE

Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the mortgage term will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not agree to the changes in writing.

43. ELECTRONIC REGISTRATION

The delivery of the registered document for registration by direct electronic transfer shall have the same effect for all purposes as if the registered document were in written form, signed by the parties thereto and delivered to us. Each borrower and, if applicable, the spouse of each borrower and any other party to the mortgage agrees not to raise in any proceeding by the lender to enforce the mortgage any want or lack of authority on the part of the person delivering the registered document for registration to do so.

Dated the 13th day of May, 2005.

ICICI Bank Canada

Per: AR. Nel
Anthony Nelson
Vice President, Chief Credit and Risk Officer

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200521 Coto

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200522 Cote
Filing Date 6th JUNE 2005 Date de Dépôt
Page 1 of/de 8 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT, 1984
SET OF STANDARD CHARGE TERMS

Filed by Meridian Credit Union Limited

Filing Date: August 21,1998
Filing Number: 9817

The following set of standard charge terms shall be deemed to be included in every Charge in which this set is referred to by its filing number and as provided in Section 9 of the Act.

STATUTORY COVENANTS EXCLUDED

1. The Covenants deemed to be included in the Charge under Sub-Section 7(1), Clauses 1 and 2 of the Land Registration Reform Act, 1984, are hereby expressly excluded and replaced by the following Covenants.

COVENANTS IN LIEU OF STATUTORY COVENANTS

2. The Chargor hereby Covenants, promises and agrees to and with the Chargee as follows:

(i) **Authority to Charge the Lands and Premises**

That the Chargor now has good right, full power and lawful and absolute authority to charge the Lands and to give the Charge to the Chargee upon the Covenants contained in the Charge.

(ii) **No Act to Encumber**

That the Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected, or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

(iii) **Good Title in Fee Simple**

That the Chargor, at the time of the execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the Lands and the premises described in the Charge and in every part and parcel thereof, without any manner of trusts, reservations, limitations, provisoes, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

(iv) **Lands and Buildings Not Contaminated**

That the Buildings on the Lands are not insulated with urea formaldehyde foam and do not contain asbestos building materials, polychlorinated biphenyls, radioactive substances or other Hazardous Materials; no Hazardous Materials have been released into the natural environment from or through the Lands; to the best of the Chargor's knowledge, information and belief, after conducting all reasonable inquiries, no Hazardous Materials have been released into the natural environment from properties adjoining the Lands or from properties located within the immediate vicinity of the Lands, except as expressly permitted, licensed or authorized by Government Authority; the Lands have never been used as a land-fill or waste disposal site; no Hazardous Materials are or have ever been stored on or under the Lands; to the best of the Chargor's knowledge, information and belief, after having conducted all reasonable inquiries, no Hazardous Materials are or have ever been stored on or under properties adjoining the Lands or on or under properties within the immediate vicinity of the Lands; the condition of the soil on the Lands is such that it will not prevent or restrict future development of the Lands for commercial purposes.

"Hazardous Material" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environment, health and/or safety matters.

(v) **Promise to Pay and Perform**

That the Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations contained in the Charge. That the Chargor will comply with all orders issued by regulatory authorities and all environmental laws, regulations, and ordinances. That the Chargor will pay, as they fall due, all taxes, rates, assessments and penalties, whether municipal, local, parliamentary, judicial, or administrative, which now or may hereafter be imposed, charged or levied upon the Lands or against the Chargor, and when required, produce for the Chargee receipts evidencing payment of the same.

The Chargee shall have the right from time to time to estimate the amount of taxes on the charged Lands and premises for each year and to require the Chargor to pay in each month a specified portion of such estimated amount in addition to the monthly instalments stipulated in this Charge (if any); and the Chargor covenants and agrees when so required to pay to the Chargee in addition to the monthly instalments herein mentioned (if any) such specified portion of the said taxes with each of the twelve succeeding monthly instalments herein mentioned next falling due, and the Chargor shall also pay to the Chargee on demand the amount, if any by which the actual taxes exceed such estimated amount. If the principal and interest are repayable on demand only, this amount on account of taxes shall be paid to the Chargee in each month on a day designated by the Chargee. If, before any amount on account of taxes so paid to the Chargee shall have been applied against taxes, there shall be arrears in the payment of principal and/or interest due and payable under this Charge, the Chargee may apply such amount paid on account of taxes instead towards payment of the arrears of principal and/or interest. The Chargee is not obligated to pay interest to the Chargor on amounts paid to the Chargee on account of taxes for the period of time immediately preceding the date the amounts are applied against taxes.

If the payment provisions in this Charge require the Chargor to make payments of principal and interest monthly, the Chargor and the Chargee may from time to time agree that payments of principal and interest (and any amount on account of taxes, if applicable) shall be made more frequently than monthly, in which case the Chargor shall comply with the terms of any such agreement instead of the payment provisions prescribed in this Charge.

If this Charge contains an interest adjustment date, the Chargor further covenants to pay, on such date, interest at the rate set forth in the Charge and all money advanced by the Chargee to the Chargor under the Charge, prior to such interest adjustment date.

(vi) **Obligation to Insure**

That the Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings and the land to the amount of not less than their full insurable value in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the Lands, and such insurance shall include not only insurance against loss or damage by fire, but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least three (3) days before the expiration thereof; otherwise, the Chargee may provide therefor and charge the premium paid and interest thereon, at the rate provided for in the Charge, to the Chargor and the same shall be payable forthwith and shall also be a Charge upon the Lands. It is further agreed that the Chargee may, at any time, require any insurance of the buildings to be cancelled and new insurance effected by a company to be named by the Chargee, and also of his own accord, may effect or maintain any insurance herein provided for in the Charge and the cost of effecting or maintaining same shall also be a Charge upon the Lands. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

(vii) **Obligation to Repair and to Remediate Environmental Contamination**

That the Chargor will keep the Lands and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent, enter upon and inspect the Lands and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to the Charge.

That in the event that, for any reason whatsoever, the representations and covenants contained in subsections 2(iv) and 2(viii) (a) (ii) regarding the Lands are not true or are breached or shall become untrue or breached any time after the registration of this Charge, then the Chargor shall forthwith conduct appropriate removal/remedial action and such removal/remedial action shall be pre-approved by the Chargee, acting reasonably. The Chargor shall conduct such appropriate environmental assessments as the Chargee may reasonably require in its discretion in order to give its approval. If the Chargor fails to conduct such assessments and/or to take appropriate remedial action, the Chargor hereby permits the Chargee to enter upon the Lands to conduct the assessments and/or effect the remedial action, and the reasonable cost of such assessments and/or remediation shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims subsequent to the Charge.

(viii) **Alterations**

(a) That the Chargor will not

(i) Permit waste to be committed or suffered on the charged premises;

(ii) Discharge or permit the discharge into the natural environment of the charged premises and/or neighbouring lands of any contaminant in an amount, concentration or level in excess of that prescribed by the regulations under the Environmental

Protection Act of Ontario, or any similar or successor legislation, or if the contaminant is likely to cause an adverse effect; and

(iii) Suffer or permit any change in the general nature of the occupancy of the charged premises.

(b) That it will not remove or destroy any of the buildings, plant, machinery and equipment comprised in the improvements other than as herein otherwise provided; provided that nothing herein shall prevent the removal of any such property from one part of the charged premises to another or the temporary removal of any such property for purposes of repair, and provided further that the Chargor may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out, unserviceable or unnecessary for use in the conduct of any business conducted on the premises if such plant, machinery or equipment is replaced by plant, machinery and equipment of at least equal value or if the value of such plant, machinery or equipment so dealt with in one transaction and not so replaced does not exceed $5,000; provided that such removal or other disposition does not impair the successful operation of the charged premises;

(c) That the Chargor will not make or permit to be made any alterations, additions to, or subtractions from the charged premises without the consent of the Chargee in writing, which consent shall not be unreasonably withheld.

(d) That the Chargor, if the purpose of the Charge is to finance an improvement to the lands and/or buildings, will make the improvement only in accordance with plans and specifications previously approved by the Chargee and complete the improvements as quickly as possible.

(ix) **Obligation to Notify Chargee of Changes**

That the Chargor will forthwith provide the Chargee with full particulars of any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, and (b) qualification of the said Lands as a matrimonial home within the meaning of the Family Law Act, as amended, the intention being that the Chargee shall be kept fully informed of the names and addresses of any spouse who is not an owner but who has a right of possession in the said Lands by virtue of the said Act. In furtherance of such intention, the Chargor agrees to furnish the Chargee with such evidence in connection with either of (a) and (b) above as the Chargee may, from time to time, request.

(x) **Membership in Meridian Credit Union Limited**

That during the currency of this Charge the Chargor will maintain at all times his status as a member in good standing of Meridian Credit Union Limited in accordance with its by-laws and resolutions.

(xi) **Obligation to Maintain an Account out of which Payments can be drawn**

That, if regular payments of principal and interest (and taxes, if applicable) are required by the provisions of this Charge, the Chargor will maintain, with a branch of Meridian Credit Union Limited, an account of a type satisfactory to the Chargee, and complete an authorization, in a form approved by the Chargee, whereby such account is automatically debited by an amount equal to each payment of principal and interest (and taxes, if applicable), when each payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account, then any such action or omission shall constitute a default under this Charge. The Chargor agrees to pay to the Chargee its current administration and processing fees for breaches of this covenant.

(xii) **Prohibition Against Subsequent Encumbrances**

That the Chargor will ensure that the Lands will remain free and clear of all encumbrances, liens, mortgages, charges, Personal Property Security interests and financing agreements subordinate to the Chargee's interest throughout the term of this Charge and any renewal or renewals thereof, except those approved in writing.

(xiii) **Casualty, Legal or Environmental Claim**

That the Chargor will give immediate notice in writing to the Chargee of any damage caused by fire or any other casualty to, or legal claim against, the said Lands.

That the Chargor will give immediate notice in writing to the Chargee of the receipt of material governmental or third party notices of violation, claims, suits, orders, or permit or approval revocations relating to environmental risks, and of any discharges or spills on or emanating from said Lands within the meaning of the Environmental Protection Act of Ontario, or any similar or successor legislation.

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(xiv) **Ontario New Home Warranties Plan Act**

That if the land and buildings are subject to the requirements of the Ontario New Home Warranties Plan Act of Ontario, or any similar successor legislation, the Chargor will comply with such requirements and reimburse the Chargee for any costs which it may incur in effecting compliance or enforcing the Chargor's rights on its behalf if it fails to do so.

CHARGEE'S RIGHT TO ACCELERATE PAYMENT OF PRINCIPAL AND INTEREST

3. In the event of:

(i) The Chargor selling, conveying, transferring or leasing, or entering into any agreement to complete the same, of the title to any interest in the Lands hereby charged to a purchaser, grantee, transferee, or lessee not approved in writing by the Chargee;

(ii) The failure of such a purchaser, grantee, transferee or lessee to:

- (a) Apply for and receive the Chargee's written approval as aforesaid;
- (b) Personally assume all the obligations of the Chargor under this Charge; and
- (c) Execute an Assumption Agreement in the form required by the Chargee;

(iii) The death or total permanent disability of the Chargor;

(iv) The insolvency of the Chargor or any Guarantor;

(v) The expiration of three (3) months following the Chargor's withdrawal or expulsion from membership in Meridian Credit Union Limited;

(vi) The winding up or dissolution of the Chargor or any Guarantor (if applicable); or

(vii) The Chargor neglecting to keep the buildings, erections and improvements in good condition and repair, or permitting any act of waste in the land (as to which the Chargee shall be sole judge), or making default as to any of the covenants, provisoes, agreements or conditions contained in the Charge or in any Charge to which this Charge is subject;

All monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest, as in the case of payment before maturity, the power of entering upon and leasing or selling the Lands and Premises hereby given and all the remedies herein contained may be exercised forthwith. The exercise of the said option by the Chargee shall not be valid unless expressed in writing and signed by an employee of the Chargee.

CHARGEE'S RIGHTS ON DEFAULT

4.

(i) **Interest After Default**

In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within three months from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time, and all such interest and compound interest shall be a Charge upon the land.

(ii) **Right to Distrain**

If the Chargor shall make default in payment of any part of the interest payable under the Charge, at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expense attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

(iii) **Waiver of Default**

The Chargor agrees that the Chargee may, in writing, at any time or times after default, waive such default and upon such waiver the time or times for payment of said principal amount shall be as set out in this Charge, and further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(iv) **Extensions, Renewals and Variations in Terms Not to Prejudice**

Unless the Chargee agrees in writing to the contrary, the obligations hereunder of the original Chargor and the Guarantors shall survive the granting by the Chargee to the original Chargor or anyone claiming under him, including subsequent owners of the lands or of any part thereof, of any extension of time or renewal or variation in terms in respect of the Charge (whether by informal arrangement or by way of a formal Extension, Renewal, or Amending Agreement signed by the Chargor, or subsequent owner, as the case may be). The Charge may be Renewed, Extended or

Amended by an Agreement in writing, prior to, at, or after maturity for any term, with or without an increased rate of interest, between the Chargee and the original Chargor, or subsequent owner, as the case may be, with or without notice to, or the concurrence of, the Guarantors, if any, or any subsequent encumbrancers, and/or the original Chargor in the case of an Agreement with a subsequent owner. A Renewal or Extension of this Charge shall be deemed to not create a new Charge, but rather is an extension of this Charge, notwithstanding that a Renewal or Extension Agreement may amend the effective date of this Charge. It shall not be necessary to register any such Agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall infer any right of renewal upon the Chargor.

(v) Entry on Default

From and after default shall happen to be made of or in the payment of the principal amount, or the interest payable thereon, or any part of either thereof, as provided in this Charge, of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations contained herein contrary to the true intent and meaning of this Charge, then and in every case it shall and may be lawful to and for the said Chargee to peaceably and quietly enter into, have, hold, use, occupy, possess, and enjoy the lands hereby charged free and clear and freely and clearly acquitted, exonerated and discharged of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances, and of and from all manner of other charges or encumbrances whatsoever without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whatsoever.

If the default includes a breach by the Chargor of his covenant to complete an improvement in accordance with the plans and specifications previously approved by the Chargee, the Chargee may, at its discretion, complete the improvement, subject to such reasonable changes in plans and specifications as a prudent owner would make under the circumstances.

(vi) Power of Sale

The Chargee, on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Lands or sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands, if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in a county or district in which the land is situate; and such notice shall be sufficient, although not addressed to any person or persons by name or designations; and notwithstanding that any person could be affected thereby may be unknown, unascertained, or under disability. Provided further, that in case default be made in a payment of the principal amount or interest or any part thereof, and such default continues for two months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling, or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form, within such time as so required by law. It is hereby further agreed that the whole or any part of parts of the Lands may be sold by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving in accordance with the terms of this Charge, and inspecting the Lands or by reason of non-payment or procuring the payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid, same shall be paid to the Chargor, or as he may direct. The costs, charges, and expenses referred to above shall include, but not be limited to, reasonable administration fees charged by the Chargee to the Chargor for the labour of employees expended in managing and inspecting the Lands and premises on behalf of the Chargee in its capacity as chargee in possession. The Chargee may sell any of the Lands, on such terms as to credit and otherwise as shall appear to him most advantageous, and for such prices as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contracts for the sale of the whole or any part of the Lands, and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers, after the satisfaction of the claim to the Chargee, and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see the propriety or regularity of any sale or lease, or be affected by express notice that any sale or lease is improper, and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(vii) Further Assurances

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From and after default in the payment of the principal amounts secured by the Charge, or the interest thereon, or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then, and in every such case, the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Lands shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer and execute, or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Lands unto the Chargee, as by the Chargee or his solicitor, shall or may be lawfully and reasonably devised, advised or required.

ADDITIONAL TERMS AND CONDITIONS

5.

(i) **Costs Added to Principal**

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges, which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving the Lands and premises in accordance with the terms of this Charge, and inspecting the Lands and of negotiating the charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in selling or leasing the Lands or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien upon the land, which payments with interest at the rate provided for in the Charge, shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee, as aforesaid, shall be added to the principal amount secured by the Charge and shall be payable forthwith, with interest, at the rate provided for in the Charge.

(ii) **Partial Releases**

The Chargee may, at his discretion, at all times, release any part or parts of the Lands or any other security or any surety for the money secured under the Charge, either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from the Charge or from any of the covenants contained in the Charge, and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the Lands is or may hereafter be divided, does and shall stand charged for the whole monies secured under the Charge, and no person shall have the right to require the mortgage monies to be apportioned.

(iii) **Discharge**

Upon repayment in full of the monies secured hereby, all accrued interest and charges, and any bonus, if applicable, the Chargee shall sign a cessation of this Charge or, if requested by the Chargor, a transfer of the Charge, and send it to the Chargor within a reasonable time. The Chargor shall pay to the Chargee its usual administrative fee for preparing and signing the Cessation of Charge or Transfer of Charge, whether the Cessation or Transfer is prepared by the Chargee or by the Chargor or his solicitor. The Chargor is solely responsible for registering the Cessation or Transfer on title, at his own expense.

(iv) **Other Security**

This Charge is, in addition to and not in substitution for, any other security held by the Chargee for all or any part of the monies secured hereby. It is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively, at its option, in the event of default. Any judgment or recovery thereunder or hereunder shall not affect the right of the Chargee to realize upon this or any other security.

(v) **No Right of Prepayment**

This Charge is closed in that the Chargor shall have no right to prepay any part or parts of the monies secured hereby, at any time or times, prior to the date of maturity, provided however, that the Chargee may, in its sole discretion,

(a) Apply towards payment of the monies secured hereby, any monies received by it under any policy of group insurance carried by it on the lives of its borrowing members; and

(b) Calculate interest on a daily basis on the unpaid balance remaining outstanding, on the last previous payment date stipulated herein, and shall then apply said payment received first, in payment of interest so calculated to be due, and the balance, to be applied in reduction of the principal sum, upon receiving a payment from the Chargor, on any date or dates, other than the dates stipulated herein.

(vi) **Non-Merger of Covenants**

The taking of a judgment or judgments on any of the covenants herein, shall not operate as a merger of the covenants, or affect the Chargee's right to interest, at the rate and times provided for in the Charge; and further that any judgment shall provide that interest shall thereon be computed, at the same rate and in the same manner as provided in the Charge, until the judgment shall have been fully paid and satisfied.

(vii) **Date of Charge**

If this Charge contains an interest adjustment date, the date of this Charge shall be deemed to be the interest adjustment date stated in the Charge, notwithstanding that the Charge may have been executed on an earlier date. If this Charge does not contain an interest adjustment date, the date of this Charge shall be deemed to be the date of signature thereof by the first named Chargor.

(viii) **Recovery of Fees**

The Chargor agrees to pay to the Chargee, when due, the Chargee's then current administration and processing fees in connection with the preparation of any Mortgage Statement for Assumption purposes, Amending or other Agreements, statements for information purposes, any fees referred to in Paragraph 4(VI), charges for cheques relating to this Charge where payment has been refused due to insufficient funds or for any other reason and generally any fees in connection with the proper administration of this Charge. Any such fees and charges, if unpaid, shall be added to the principal outstanding pursuant to this Charge, and shall bear interest at the rate required by this Charge. The amount of any such fees or charges in effect at any particular time is available from any branch of Meridian Credit Union Limited, upon request.

CONDOMINIUM

6\.

If the charged Lands is a condominium unit and its appurtenant interest in the common areas, pursuant to the Condominium Act of Ontario, the following provisions shall form part of this Charge:

The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an Owner of the Lands, to vote or consent in all matters relating to the affairs of the Condominium Corporation named in the Charge, provided that:

(i) The Chargor shall be entitled to exercise the right to vote or consent, unless the Chargee gives notice of its intention to exercise such rights. Any such notice may be for an indeterminate period of time, or for a limited period of time, or for a specific meeting or matter.

(ii) The Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.

GUARANTEE CLAUSE

7. IN CONSIDERATION of the making, by the Chargee to the Chargor, the loan hereby secured, the Guarantors who have duly executed page one of this Charge:

(i) Agree to be jointly and severally liable with the Chargor, for the due payment of all monies payable hereunder, at the times and in the manner herein provided;

(ii) Unconditionally guarantee full performance and discharge by the Chargor of all of his obligations pursuant to the provisions hereof, at the times and in the manner herein provided; notwithstanding that the obligations of the Chargor hereunder may be void or unenforceable at law or in equity or pursuant to statute.

(iii) Agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or become liable for, by reason of:

- (a) The failure, for any reason whatsoever, of the Chargor to pay the money expressed to be payable pursuant to the provisions of this Charge;
- (b) The failure, for any reason whatsoever, of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of this Charge;
- (c) Any act, action, or proceeding of or by the Chargee, for or in connection with the recovery of the said monies, or the obtaining of performance by the Chargor or any other act, matter or thing pursuant to the provisions of this Charge;

(iv) Agree that the Chargee may at any time, and from time to time, and without notice to the Guarantors, or any consent or concurrence by them, make any settlement, extension, renewal or variation in terms of the said Charge (whether by informal arrangement or by way of a formal Extension, Renewal or Amending Agreement signed by the original Chargor or a subsequent owner prior to, at or after maturity) or take surrender any security, and that no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights, nor any other thing of the foregoing, loss by operation of law of any right of the Chargee against the Chargor, nor the loss or destruction of any security, shall in any way release or diminish the liability of the Guarantors hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid, and

(v) Agree that the Chargee shall not be obliged to proceed against the Chargor, or to enforce or exhaust any security before proceeding to enforce its obligations herein set out, and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor, or the enforcement of any security for any such debt or obligation.

INTERPRETATION

8.

It is hereby agreed, that in construing this Charge, the words "Chargor", "Chargee" and "Guarantors", and the personal pronouns "he", "his", "him", "they" or "them" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors", and "he", "she", "it" or "they", "his", "her", "its" or "their" and "him", "her", "it" or "them" respectively, as the number and gender of the party or parties referred to in each case require, and the number and the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. Furthermore, all rights, advantages, privileges, immunities, powers and things hereby secured to the "Chargor" or "Chargors", "Chargee" or "Chargees", shall be equally secured to and exercisable by his, her its or their heirs, executors, administrators and assigns or successors and assigns, as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors" shall be equally binding upon his, her, its or their heirs, executors, administrators and assigns, or successors and assigns as the case may be; and all such covenants, liabilities and obligations shall be made by the Chargors or Guarantors jointly and severally, unless the Charge specifies otherwise.

DEFINED TERMS

9.

It is hereby further agreed that all words appearing in this Charge that are defined in Section 1 of the Land Registration Reform Act, 1984, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Land Registration Reform Act, 1984.

ACKNOWLEDGEMENT OF RECEIPT

I/We, the undersigned, hereby acknowledge receipt of a copy of these Standard Charge Terms, this day of ______________________________.

________________________ ________________________

DATED this 20th day of May, 2005.

Meridian Credit Union Limited
by their solicitors, Tanner & Guiney Associates

Per: Geoff Cauchi
Geoffrey F. Cauchi

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200522 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200523 Cote
Filing Date June 21st 2005 Date de Dépôt
Page 1 of/de 16 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS NO.

Filed by: CitiFinancial Canada, Inc.

The following set of Standard Charge Terms will be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

ARTICLE 1: DEFINITIONS

1.01 DEFINITIONS

In the Charge:

"Act" means the *Land Registration Reform Act*, R.S.O. 1990, c. L. 4;

"Applicable Laws" means all applicable federal, provincial or municipal laws, statutes, regulations, by-laws, guide-lines, policies, restrictions, directives, rules, orders or requirements of any governmental authority having jurisdiction;

"Balance Due Date" means the date set out in Box (9)(i) of the Charge;

"Busines Day" means any day of the week except Saturday, Sunday or any statutory or civic holiday observed in the Province of Ontario;

"Charge" means the Charge/Mortgage of Land including all schedules, disclosure statements these standard charge terms and any confirming or amending agreements executed in writing by the parties to the Charge, whether registered or not;

"Chargee" means CitiFinancial Canada, Inc., or any other party in whose favour the Charge is given and who is named in Box (14) of the Charge;

"Chargor" means any person giving the Charge who has signed the Charge in Box (11) of the Charge;

"Collateral Loan" means any loan pursuant to a Credit Agreement including a Construction Loan or any such loan guaranteed by the Chargor and, in either case, collaterally secured by the Charge;

"Construction Loan" means a loan to be used to finance the construction of an Improvement;

"Conventional Loan" means any loan secured by the Charge which is not a Collateral Loan;

"Costs" means all fees, costs, charges and expenses of the Chargee in placing, monitoring, preserving, protecting or enforcing the security or the Charge, including for (1) preparing and registering the Charge and any other related documents; (2) collecting payments in default under the Charge (3) enforcing and realizing on the security granted in the Charge; (4) inspecting the Property; (5) repairing the Property; (6) securing, completing and equipping any Improvements on the Property; (7) obtaining any examination of the title or valuation of the Property or obtaining any environmental audits or reports of the Property; (8) complying with any Applicable Laws; (9) insuring the Property and reviewing or having reviewed any insurance policies on the Property; and (10) performing any of the Chargor's obligations under the Charge. Costs will also include legal costs incurred by the Chargee as between a solicitor and his own client for all services and advice in respect of the Charge, the Chargor and the Property, a proper allowance for the time, services and travelling expenses of any officer or employee of the Chargee, or of any person appointed by the Chargee, and any other costs or expenses of the Chargee arising from or relating to the Charge and any other costs specifically identified elsewhere in the Charge;

STANDARD CHARGE TERMS
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"Credit Agreement" means the agreement, if any, between the Chargor and/or the Guarantor and the Chargee setting out an arrangement by which the Chargee advances credit to the Chargor or the Guarantor including an agreement regarding the construction of Improvements (and including all promissory notes and other instruments of indebtedness related thereto) as amended, extended or supplemented from time to time;

"Default" means any of the events set out in Section 5.01;

"First Payment Date" means the date set out in Box (9)(f) of the Charge;

"Guarantee" means a guarantee in favour of the Chargee by the Chargor of the payment of the Indebtedness and the performance of the obligations of another person pursuant to a Credit Agreement.

"Guarantor" means any person who has signed the Charge as Guarantor;

"Improvements" means all buildings, structures, improvements or fixtures at any time located or to be constructed on the Property;

"Indebtedness" means:

(a)if the Charge secures a Conventional Loan, all moneys at any time owing by the Chargor to the Chargee pursuant to the Charge including the Principal, all interest, compound interest, Taxes, Costs and any other amounts that the Chargor is required to pay pursuant to the Charge or that the Chargee is permitted to pay pursuant to the Charge and recover from the Chargor;

(b)if the Charge secures a Collateral Loan or a Guarantee, all monies and liabilities matured or not, whether present or future, direct or indirect, absolute or contingent, at any time owing or incurred by the Chargor to the Chargee pursuant to the Credit Agreement or the Guarantee and all interest, compound interest, Taxes, Costs and any other amounts that the Chargor is required to pay pursuant to the Charge or that the Chargee is permitted to pay pursuant to the Charge and recover from the Chargor;

"Interest Adjustment Date" means the date set out in Box (9)(d) of the Charge;

"Interest Rate" means:

(a)if the Charge secures a Conventional Loan, the rate per annum set out in Box (9)(b) of the Charge, or in any schedule to the Charge, calculated and payable as set out in the Charge;

(b) if the Charge secures a Collateral Loan, the rate per annum set out in Box (9)(b) of the Charge or in any schedule to the Charge, or the rate per annum stipulated in the Credit Agreement, whichever is less;

"Principal" means all moneys advanced by the Chargee to the Chargor or for the Chargee's account pursuant to the Charge or the Credit Agreement outstanding from time to time;

"Property" means all or any part of the lands described in the Charge together with the Improvements; and

"Taxes" means all realty taxes, rates and assessments, municipal, local, parliamentary or otherwise respecting the Property.

If the Property is a condominium unit, the following definitions apply:

"Condominium Act" means the *Condominium Act*, R.S.O. 1990, c. C. 26;

"Condominium Corporation" means the condominium corporation which was created by the registration of the Declaration and the description relating thereto of which the Property constitutes a part;

"Common Expenses" means the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the Declaration or the *Condominium Act;* and

"Declaration" means the declaration which, together with the description, was registered pursuant to the *Condominium Act* to create the Condominium Corporation.

If the Property is leasehold land, the following definition applies:

"Lease" means any lease granting the Chargor a leasehold interest in the Property.

ARTICLE 2: CHARGE OF PROPERTY

2.01 CHARGE ON THE PROPERTY

The Chargor charges the Property in favour of the Chargee as security for payment to the Chargee of the Indebtedness, and the performance of all other obligations of the Chargor in the Charge.

2.02 LEASEHOLD CHARGE ON THE PROPERTY

If the Property is leasehold, the Chargor hereby charges and subleases the Property to and in favour of the Chargee for and during the unexpired residue of the term of the Lease, except the last day of the term thereof, and all other estate, term, right of renewal and any other interest of the Chargor in the Property and the Lease, as security for payment to the Chargee of the Indebtedness, and the performance of all other obligations of the Chargor in the Charge.

ARTICLE 3: PAYMENT PROVISIONS

3.01 DEFEASANCE

The Charge ceases to operate when the Chargee has been paid the Indebtedness, the Chargor has performed the obligations secured by the Charge and the Credit Agreement is at an end.

3.02A PAYMENT PROVISIONS FOR CONVENTIONAL LOANS

The Chargor will pay the Indebtedness to the Chargee with interest at the Interest Rate (both before and after maturity, Default and judgment) as follows:

(a) interest on the Principal at the Interest Rate from the date of each advance until the Interest Adjustment Date will be due and paid in advance on the date of each advance;

(b) from and after the Interest Adjustment Date, the Principal and interest on the Principal at the Interest Rate computed from the Interest Adjustment Date will become due and be paid in instalments each in the amount set out in Box (9)(h) of the Charge plus any optional monthly insurance premium due, on the same day of each and every month as the Interest Adjustment Date (and First Payment Date) in each and every year, the first of such payments to be paid on the First Payment Date (such instalments to be applied first in payment of interest at the Interest Rate on the Principal due, second in payment of contractual Principal due, third in payment of contractual optional monthly insurance premium unpaid, fourth in payment of any accrued interest unpaid, and the balance to be applied in reduction of the Principal) and the balance of the Principal with interest at the Interest Rate will become due and payable on the Balance Due Date;

(c) that part of the Indebtedness that is not Principal or interest on Principal will be payable on demand with interest thereon at the Interest Rate; and

(d) the balance of the Indebtedness then remaining together with any interest thereon at the Interest Rate will be paid on the Balance Due Date.

After a Default all moneys received by the Chargee may be applied on such part or parts of the Indebtedness then owing pursuant to the Charge as the Chargee in its sole discretion may determine.

3.02B PAYMENT PROVISIONS FOR COLLATERAL LOANS

(a) The Chargor will pay the Indebtedness to the Chargee with interest at the Interest Rate (both before and after maturity, Default and judgment) on demand. After a Default, all moneys received by the Chargee may be applied on such part or parts of the Indebtedness then owing pursuant to this Charge as the Chargee in its sole discretion may determine.

(b) If the Charge secures a current or running account the Charge will stand as a continuing security in favour of the Chargee for the payment of the Indebtedness notswithstanding any payments on account of the Indebtedness, subsequent increases in the Indebtedness or any fluctuations or changes in the amount, nature or form of the Indebtedness or in the bills, notes or other obligations now or hereafter representing the Indebtedness or the parties to the said bills, notes or obligations.

3.03 COMPOUND INTEREST

If the Chargor defaults in any monthly or other payment due pursuant to the Charge compound interest will be payable on the sum in arrears from time to time, both before and after maturity, Default and Judgment and the arrears of interest will bear interest at the Interest Rate. If the arrears and tile compound interest are not paid within one (1) month from the time of default a rest will be made and compound interest at the Interest Rate will be payable on the aggregate amount then due, both before and after maturity, Default and judgment, and so on from time to time.

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3.04 PAYMENT ONLY WHEN RECEIVED

All payments of the Indebtedness will be payable at par in Canadian dollars. Payment will not be deemed to have been made until the Chargee has actually received such money. The Chargor assumes all risk if payments are lost or delayed.

3.05 RECEIPT OF PAYMENT

Any payment received after 12:00 noon on any day will be deemed, for the purpose of calculation of interest, to have been made and received on the next Business Day and the Chargee will be entitled to interest at the Interest Rate on the amount of such payment to the next Business Day.

3.06 PRE-AUTHORIZED CHEQUING

The Chargor, on written request from the Chargee, will authorize payments pursuant to the Charge by pre-authorized chequing drawn by paper or electronic entry on an account maintained by the Chargor and will execute such written authorizations to the Chargor's banking or financial institution and provide such sample cheques as the Chargee may require.

3.07 DISHONOURED CHEQUES OR PAYMENTS

If any of the Chargor's cheques are not honoured when presented for payment or if a payment pre-authorized pursuant to Section 3.06 is not honoured, the Chargor will pay the Chargee a reasonable servicing fee for each such returned cheque or dishonoured payment to cover the Chargee's administration costs as permitted by applicable law. If any dishonoured cheque or payment is not immediately replaced by the Chargor, the Chargee may charge the Chargor a further reasonable servicing fee for each written request that is required because the Chargor has not replaced such dishonoured cheque or payment.

3.08 PREPAYMENT

Except as specifically set out in the Charge, the Chargor may not prepay all or any part of the Indebtedness.

ARTICLE 4: COVENANTS

4.01 STATUTORY COVENANTS

The covenants deemed to be included in a charge pursuant to subsection 7(1) of the Act are expressly incorporated in the Charge and any other covenants contained in the Charge are intended to supplement and not to derogate from the covenants set out in subsection 7(1) of the Act.

4.02 CHARGOR'S COVENANTS

In addition to the covenants deemed to be included in the Charge pursuant to subsection 7(1) of the Act, the Chargor covenants with the Chargee that:

(a) the Chargor will pay the Indebtedness and perform all of the Chargor's obligations contained in the Charge;

(b) covenant l.vii, deemed to be included in the Charge by subsection 7(1) of the Act, is expressly varied by providing that the Chargor will, before and after Default, execute such further assurances of the Property and do such other acts, at the Chargor's expense, as may be reasonably required;

(c) if the loan is a Collateral Loan, the Chargor will perform all of the Chargor's obligations contained in the Credit Agreement and the Guarantee;

(d) the Chargor will keep in good standing all encumbrances on the Property which have priority to the Charge and not renew, amend, postpone, or extend any without the Chargee's prior written consent, and

(e) the Chargor is not a farmer as that term is defined in the *Farm Debt Review Act* R.S.C. 1985 (2nd Suppl), c.25.

4.03 INSURANCE

(a) So long as there is any Indebtedness outstanding the Chargor will:

(i)insure the Improvements and keep them insured for their full replacement value. Such insurance will provide coverage against loss or damage from risks and perils usually covered in fire and extended perils insurance policies; and

(ii)obtain coverage for such other risks and perils as the Chargee, acting reasonably, may from time to time consider advisable and in respect of which insurance coverage is available.

(b) All insurance policies will contain deductible limits approved by the Chargee acting reasonably and will not contain any co-insurance requirements. The Chargee will be named as a mortgagee/chargeee in all insurance policies. Each insurance policy will contain a standard mortgage clause acceptable to the Chargee acting reasonably and provide that the policy cannot expire, be amended or cancelled without thirty (30) days' prior written notice to the Chargee.

(c)The Chargor will ensure that all insurance policies are carried with companies approved by the Chargee acting reasonably. The Chargee may require any insurance with respect to the Property to be cancelled and new insurance to be placed with companies approved by the Chargee. If the Chargor fails to obtain and maintain any insurance required pursuant to the Charge, the Chargee will be entitled (but will not be obligated) to obtain such insurance as the Chargee deems proper and the Chargor will promptly repay to the Chargee all premiums paid by the Chargee for any such insurance.

(d) If any loss or damage occurs to any part of the Property, the Chargor will immediately notify the Chargee and furnish, at the Chargor's expense, all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance proceeds.

(e) The Chargee will have a lien for the Indebtedness on all insurance proceeds payable pursuant to insurance policies whether or not effected in accordance with this section. The Chargee may elect to have the insurance monies applied towards reinstatement of the Improvements or towards repayment of the Indebtedness, whether due or not.

(f) The Chargor will immediately deliver to the Chargee the originals or certified copies of all insurance policies affecting the Improvements. The Chargor will provide to the Chargee at least thirty (30) days before the expiry of any insurance policy, evidence satisfactory to the Chargee acting reasonably that the insurance policy has been renewed or that a comparable new policy has been obtained. If the Chargor is in default pursuant to this section, the Chargee may, but will not be obligated to, place any insurance coverage required by this section and to charge the premium paid to the Chargor.

(g) In the event that the Chargor has selected optional insurance, the optional monthly insurance premium payment, including applicable taxes, will be added to the monthly payment of Principal and interest to form the total monthly payment obligation. Each payment recieved by the Chargee will be applied according to section 3.02A(b). In the event that the optional insurance is subsequently cancelled or terminated in accordance with the applicable loan documentation, insurance certificate or other insurance documentation, then, in such circumstances, the monthly payment of Principal and interest, and payment due date will remain unchanged and the payments made by Chargor will be applied first in payment of contractual interest due, second in payment of contractual Principal due, third in payment of any contractual optional monthly insurance premium unpaid, fourth in payment of accrued interest unpaid, and the balance in reduction of Principal. Insurance coverage will continue provided the Chargor continues to pay the monthly premium, in addition to the Chargor's monthly payment of Principal and interest. In addition to termination provisions contained in the applicable certificate, coverage will terminate should the sum of any past due premiums equal or exceed four times the Chargor's initial month's premium. The Chargor authorizes the Chargee to forward to the insurer, on a monthly basis, an amount equal to the outstanding optional insurance premium(s) due until the Chargee receives written notice from the Chargor canceling the Chargor's insurance coverage or until the Chargor's insurance is otherwise terminated.

4.04 CONSTRUCTION, MAINTENANCE AND REPAIR

(a) The Chargor will keep the Property in good condition and repair. The Chargee may at any time in its sole discretion by its agents enter upon and inspect the Property. The Chargee may also enter upon the Property and make such repairs as it deems necessary and the Costs of such repairs will be payable immediately by the Chargor.

(b) Without limiting the foregoing, if the Chargee or its agents enter upon the Property and makes such repairs as the Chargee deems necessary, the Chargee will not thereby be deemed to be a mortgagee/chargee in possession.

(c) The Chargor will comply with all Applicable Laws relating to the condition, maintenance, use, occupation, construction, repair or alteration of the Property or any Improvement, including any parking requirements related to the Property. The Chargor will at its own expense promptly and in a good and workmanlike and timely manner make all improvements, alterations and repairs that may be required from time to time to effect such compliance or to complete such Improvement. The Chargor will advise the Chargee in writing of any such improvements, alterations and repairs and will obtain the Chargee's prior consent thereto in writing. All plans and drawings will be subject to the prior written approval of the Chargee acting reasonably and a copy of all contracts shall be provided to it. The Chargor will comply with the requirements of the *Construction Lien Act*, R.S.O. 1990 c.C.30.

(d) The Chargor will not make or permit to be made any alterations or additions to the Property, demolish any Improvements or part thereof, permit waste to be committed on any part of the Property, change the use of the Property or allow the Property to remain unoccupied or unused without the prior written consent of the Chargee acting reasonably.

(e) The Chargor covenants and warrants that the Improvements have not been or will not be insulated with urea formaldhyde foam insulation and that no contaminant or hazardous substance, including any "contaminant" as defined in the *Environmental Protection Act* (Ontario), exists or will be permitted to exist on the Property.

(f) No Improvements under construction or repair will remain unfinished nor shall work on them be suspended for a period of ten (10) consecutive days.

(g) All goods, chattels, equipment, machinery, appliances, plant, erections and improvements whatsoever, including elevating devices, furnaces, boilers, tanks, oil and gas burners, water heaters, fences, aerials or satellite dishes, water heaters, electric light fixtures, central vacuum system and attachments, alarm or security system, stoves, refrigerators, screen and storm doors and windows, window blinds and coverings, fitted blinds, shutters, awnings, wall to wall floor coverings, air conditioning, ventilating, cooling & heating equipment and all apparatus and equipment appurtenant thereto now or hereafter placed or installed upon the Property and being the property of the Chargor shall for all purposes of this Charge be fixtures and form part of the Property whether or not affixed in law to the Property. None shall be removed, sold or disposed of by the Chargor without the prior written consent of the Chargee and no Notice of Security Interest shall be permitted to be registered against the Property.

4.05 TAXES

(a) The Chargor will pay all Taxes when due. Within one month after the date fixed for the payment of the last instalment of Taxes in each year, the Chargor will furnish the Chargee with receipted taxbills showing that all Taxes for the year have been paid.

(b) Notwithstanding anything contained in paragraph (a) of this section,

(i) the Chargee may deduct from the advances of Principal an amount sufficient to pay all Taxes which are due and owing or which will become due during the calendar year in which any advance of Principal is made;

(ii) after the Interest Adjustment Date, the Chargor, if requested by the Chargee, will pay to the Chargee in monthly instalments on the first day of each month such amounts as in the opinion of the Chargee acting reasonably are required to pay each succeeding year's Taxes by the time such Taxes, or the first instalment, fall due. The Chargor will also pay to the Chargee on demand before the due date of each year's Taxes, or the first instalment, any additional amount which may be required so that out of the said monthly and additional tax payments the Chargee may pay the whole amount of each year's Taxes on or before the due date of the first instalment;

(iii) the Chargee will not be obligated to pay any interest or other allowance upon any amounts deducted by or paid to the Chargee pursuant to this section; and

(iv) if at any time the monies held by the Chargee on account of payment of the Taxes pursuant to the Charge are insufficient to pay the Taxes then due, the Chargee may, at its option, pay such Taxes, including any deficiency; any deficiency paid by the Chargee in payment of suchTaxes will be payable by the Chargor together with interest thereon at the Interest Rate from the date of payment.

(c) The Chargor will forward to the Chargee copies of all assessment notices, tax bills and other notices affecting the imposition of Taxes as soon as the Chargor receives them.

4.06 CONDOMINIUM COVENANTS

If the Property consists of one or more condominium units:

(a) the Chargor will promptly observe and perform all obligations imposed on the Chargor by the *Condominium Act* and by the Declaration, the by-laws and the rules of the Condominium Corporation, as amended from time to time;

(b) without in any way limiting or restricting the generality of the foregoing:

(i)the Chargor will pay promptly when due any contributions to Common Expenses required of the Chargor as an owner of the Property;

(ii) the Chargor will transmit to the Chargee immediately upon the demand of the Chargee satisfactory proof that all Common Expenses assessed against or in respect of the Property have been paid;

(iii) the Chargee may pay out of any advance of the Principal all contributions to the Common Expenses assessed against or in respect of the Property which are due and unpaid at the date of such advance; and

(iv) whenever and so long as the Chargee so requires, the Chargor will, on or before the date when any sum becomes payable by the Chargor in respect of Common Expenses, pay such sum to the Chargee. The Chargee will immediately on receipt thereof remit all such sums to the Condominium Corporation on behalf of the Chargor or as the Condominium Corporation may from time to time direct;

(v)the Chargor shall seek compliance by the Condominium Corporation with the requirements of Section 4.03 hereof except as may necessarily be limited or varied to conform with the provisions of the *Condominium* Act; and

(c) the Chargee is irrevocably authorized to exercise the right of the Chargor to vote or consent respecting all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargor will be entitled to exercise the right to vote or consent unless the Chargee gives notice of its intention to exercise such rights to the Chargor and to the Condominium Corporation; any such notice may be for an undetermined period of time, for a limited period of time or for a specific meeting or matter;

(ii) the Chargee will not be under any obligation to vote or to consent as aforesaid to protect the interest of the Chargor; and

(iii) the exercise by the Chargee of its right to vote or to consent as aforesaid will not constitute the Chargee a mortgagee/chargee in possession

4.07 LEASEHOLD COVENANTS

In addition to the covenants deemed to be included in the Charge pursuant to section 7(1) of the Act, if the Property is leasehold land, the Chargor covenants with the Chargee that:

(a) the Chargor has, if required, obtained the lessor's consent to the Charge of the Lease;

(b) the Lease is a good, valid and subsisting lease and has not been surrendered, forfeited, amended or become void or voidable and the rents and covenants thereby reserved have been duly paid and performed by the Chargor;

(c) during the term of the Lease and any extension or renewal thereof, the Chargor will not amend, surrender or modify the Lease or consent to any waiver or cancellation of any provision of it without the written consent of the Chargee and will pay the rent reserved by the Lease and perform and observe the covenants, provisos and conditions contained in the Lease and will indemnify the Chargee against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto;

(d) the Chargor will not subordinate or consent to the subordination of the Lease or any assignment of it by the Landlord without the Chargee's prior written consent;

(e) if the value of any Improvement should become payable to the Chargor, the amount so paid, to the extent not required by the Lease to be expended on the Property shall be paid to the Chargee.

(f) the Chargor will stand possessed of the Property for the last day of the term thereof or any renewal term granted by the Lease in trust for the Chargee and will assign and dispose of the said last day of the term as the Chargee may direct but subject to the same right of redemption and other rights as are hereby given to the Chargor; and

(g) the Chargor will immediately advise the Chargee of any notice of default of the Lease received by the Chargor. If the Chargor acquires the freehold estate in the Property from the landlord under the Lease either directly or in directly by any means whatsoever including without limitation a conveyance, transfer, assignment, merger, release or quit claim, the leasehold charge created by the Charge shall automatically and without execution or registration of further documentation be a freehold charge on the Chargor's interest in the Property and shall not be deemed or held to have been terminated by reason of the merger of the Chargor's leasehold estate in the Property with the freehold estate in the Property.

4.08 LEASES BY CHARGOR

The Chargor agrees that the Chargee shall have the right at its option to approve all leases of the Property or any part thereof hereafter granted by the Chargor including the form and content thereof and each prospective tenant, such approval not to be unreasonably withheld but to be subject, without limitation, to the following specific considerations:

(a) each lease and renewal thereof shall be based upon prevailing rentals and be for a minimum term of one year for residential uses and five (5) years for all other uses, unless otherwise authorized in writing by the Chargee;

(b) each lease shall not contain any provision whereby the subtenant may deduct from, abate or set off any amount or amounts against the rent payable under the lease (except for an abatement or abatements resulting from damage or destruction to the Property provided that the Chargor or the Chargor's tenant has in place sufficient business interruption insurance to cover any such abatement) unless the tenant first gives to the Chargee notice in writing of the reason for the claim for such deduction, abatement or set off and the Chargee is allowed ten (10) days from the date of receipt of such notice to investigate and to remedy the claim, if necessary or desirable, in its sole discretion to be exercised reasonably; all costs and expenses incurred by the Chargee in investigating and remedying any such claim shall be paid by the Chargor forthwith on demand and shall bear interest and shall be a charge upon the Property;

(c) the lease shall provide that the tenant shall attorn to the Chargee or any purchaser of the Property at the request of the Chargee in the event of default under this Charge.

(d) the receipt of current credit reports acceptable to the Chargee with regard to all tenants.

The Chargor agrees that it will not receive or collect rent from any tenant, subtenant or occupant of the Property for a period of more than two (2) months in advance or enter into any agreement, arrangement or understanding with any such tenant, subtenant or occupant which will in any manner whatsoever result in a prepayment or a reduction of the rent to be paid by such tenant, subtenant or occupant except as aforesaid without the prior written consent of the Chargee (such consent not to be unreasonably withheld).

The Chargor agrees that it will not accept any surrender or cancellation of any lease of the Property or enter into any agreement or arrangement with any tenant thereof which would in any way have the effect of reducing the term of the lease by more than two (2) months or relieving the lessee from or decreasing its liability under the lease by more than the equivalent of two (2) months rent without the prior written consent of the Chargee (such consent not to be unreasonably withheld).

4.09 APPOINTMENT OF RECEIVER

Notwithstanding anything herein contained, any time or times when there shall be a Default, the Chargee may, with or without entry into possession of the Property, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term includes a receiver manager) of the Property, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the Chargor's attorney, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Property as the Chargor's agent and attorney (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to:

(i) collect the rents and profits from tenancies whether created before or after this Charge;

(ii) rent any portion of the Property which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminateleases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the Property operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(iv) manage, operate, repair, alter or extend the Property or any part of it. The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property.

(b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.

(d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for its acts or omissions.

(e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Property.

(f) No such receiver shall be liable to account for monies other than monies actually received by him in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) his remuneration as outlined above;

(ii) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes;

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(iv) to the Chargee the Indebtedness in such order as the Chargee in its discretion shall determine; and

(v) to pay to the Chargor any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f)of this paragraph, you hereby release and discharge any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to you or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i)The statutory declaration of an officer of the Chargee as to default under the provisions of this Charge and as to the due appointment of the receiver pursuant to the terms of this Charge shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers as outlined in this Charge and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j)The rights and powers conferred in this Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

4.10 RECORDS/CONDUCT OF BUSINESS

(a) The Chargor will keep proper records, statements and books of account pertaining to the Chargor and to the Property and any business conducted on it. The Chargee shall be permitted access to all such records during normal business hours, including the right to make notes or reproductions thereof.

(b) The Chargor, if a corporation, will not purchase or redeem any shares or pay off any paid up capital or extinguish or reduce the liability on any of its shares in respect of capital not paid up while this Charge remains undischarged. The Chargor will not consent to the transfer of any of its issued capital stock or issue any additional capital stock without the prior written consent of the Chargee.

(c) The Chargor will promptly advise the Chargee of any court proceeding which may materially and adversely affect the Chargor or the Property.

(d) The Chargor will not further charge or encumber the Property without the prior written consent of the Chargee.

ARTICLE 5: DEFAULT AND REMEDIES

5.01 EVENTS OF DEFAULT

Each of the following events constitutes a Default under the Charge:

(a) the Chargor fails to make any payment of all or any part of the Indebtedness when due;

(b) the Chargor or any Guarantor commits a breach of or fails to observe or perform any covenant or obligation contained in the Charge, the Credit Agreement, the Guarantee or any other agreement from time to time in effect between the Chargor or any Guarantor and the Chargee relating to the Credit Agreement or the Guarantee or in any way relating to or connected with the Property or the Charge, or if any representation or warranty of the Chargor or any Guarantor contained in any mortgage application or related document, the Charge, the Credit Agreement, the Guarantee or in any such other agreement or comunication proves to be false or incorrect in any material respect;

(c) the Chargor or any Guarantor fails to discharge immediately any judgment for the payment of money rendered against it;

(d) the Chargor or any Guarantor commits any act of bankruptcy, becomes insolvent or admits its insolvency (as defined or provided for in any applicable statute);

(e) any receiver, manager, receiver and manager, monitor, trustee, sequestor, custodian or liquidator is appointed judicially or extra-judicially for the Chargor or any Guarantor or for any of their property;

(f) the Chargor or any Guarantor, or any of their property, becomes subject to any execution, seizure or other process of any court or to distress or any analogous process;

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(g) the Chargor or any Guarantor defaults under any agreement with respect to any indebtedness or other obligation to any person other than the Chargor if such default has resulted in, or may result with notice or lapse of time or both, in the acceleration of any such indebtedness or obligation or the right of such person to realize upon all or any part of the Property;

(h) the Chargor or any tenant or occupant of the Property is in violation of any Applicable Laws relating to environmental matters; any contaminant or hazardous substance (including, without limitation, a "contaminant" as defined in the *Environmental Protection* Act [Ontario]) is present on the Property; or the Property is used as a waste disposal site;

(i) any construction lien against the Property is not discharged or vacated within ten (10) days after the Chargee has by notice in writing required the Chargor to remove it; or

(j) a Default on the Charge will also constitute a Default under any other charge held by the Chargee on the Property and/or a default under any such other charge constitutes a Default under this Charge.

5.02 POWER OF SALE

After a Default which has continued for the minimum period provided by law, the Chargee, on giving the minimum notice required by law, may enter on, lease or sell the Property. If permitted by law, the Chargee may enter on, lease or sell the Property without notice.

5.03 CHARGEE'S RIGHTS ON SALE

After a Default the Chargee may sell the Property or, if the Property is leasehold land, the unexpired term of years demised by the Lease. Any sale may be by public auction or private sale for such price as can reasonably be obtained and on such terms as to credit and otherwise and with such conditions of sale as the Chargee in its discretion deems proper. If any sale is for credit or for part cash and part credit, the Chargee will not be accountable for or be charged with any moneys until they are actually received. The Chargee may rescind or vary any contract or sale and may buy and re-sell the Property without being answerable for loss occasioned thereby. No purchaser will be bound to enquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety. No lack of default, want of notice or other requirement or any irregularity or impropriety of any kind will invalidate any sale pursuant to the Charge and the Chargee alone will be responsible for any damage caused thereby. The Chargee may sell without entering into actual possession of the Property and while in possession will be accountable only for moneys which are actually received by it. The Chargee may, subject to the restrictions of applicable legislation, sell parts of the Property from time to time to satisfy any portion of the Indebtedness, leaving the remainder of the Property as security for the balance of the Indebtedness. The Chargee may sell the Property or any portion of the Property subject to the balance of the Indebtedness not yet due at the time of such sale. No proceeds of sale in excess of the Indebtedness will be payable unless releases in favour of the Chargee have been provided to it by such persons and in such terms as the Chargee may require. Failing receipt of such releases the Chargee may pay such proceeds into court.

5.04 COSTS OF SALE

The Costs of any proceedings pursuant to the Charge, whether such proceeding proves abortive or not, including taking, recovering or keeping possession of the Property or enforcing any remedies pursuant to the Charge will be payable by the Chargor.

5.05 VARIABLE INTEREST RATE

If the Interest Rate is a variable rate and, after a Default there is a period specified or allowed by the Charge or by law during or at the end of which the Charge may be redeemed or placed in good standing and on or before the commencement of which period a sum is to be fixed in advance for interest for each day or the whole of such period, the Interest Rate for such period will be the Interest Rate in effect on the day next preceding the first day of such period.

5.06 GENERAL RIGHTS OF CHARGEE

After a Default the Chargee may, but will not be obligated to, perform or cause to be performed any obligations of the Chargor pursuant to the Charge, and for such purpose may do such things as may be required, including, without limitation, entering upon the Property and doing such things upon or in respect of the Property as the Chargee reasonably considers necessary. The Costs of all such actions taken by the Chargee will be paid by the Chargor. Upon a Default, the Chargee may foreclose all right, title and equity of redemption of the Chargor in the Property or the Lease or distrain for arrears of the Indebtedness. The Chargor waives the right to claim exemption from distress and agrees that the Chargee shall not be limited to the amount for which it may distrain. Should the proceeds of any sale of the property not be sufficient to satisfy the indebtedness, the Chargee shall have the right to claim from the Chargagor and any and all Guarantors and pursue to the fullest extent the amount of any deficiencies occasioned thereby, jointly and severally. Furthermore, upon Default of the payment of the Indebtedness, the Chargagee may peaceable and quietly enter upon and use, occupy, possess, and enjoy the Property free from all encumbrances.

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5.07 SALE OF LEASEHOLD PROPERTY

If the Property is leasehold land, the Chargor appoints the Chargee as the Chargor's attorney during the continuance of the Charge. If the Chargor has defaulted and the Chargee has given the notice required by the Charge, the Chargee, for and on behalf of the Chargor, may assign the Lease and convey the leasehold interest in the Property and the last day of the term granted by the Lease as the Chargee shall at any time direct. On any sale made by the Chargee under the statutory power or power of sale contained in the Charge, the Chargee may assign the Lease, the leasehold interest in the Property and the reversion to the purchaser. The Chargee or other person for the time being entitled to the Indebtedness may at any time, by deed, remove the Chargor or any other person from being a trustee of the Lease under the declaration of trust set out above and on the removal of the Chargor or any future trustee of the Lease, appoint a new trustee or trustees in place of the Chargor.

5.08 LAST DAY OF LEASE TERM

If the Property is leasehold land, the Chargor will, with respect to the Lease, at the request of the Chargee, but at the cost, charge and expense of the Chargor, grant to the Chargee, or any person whom it may appoint, the last day of the term of the Lease or any renewal or substituted term. If the Chargee sells under the power of sale contained in the Charge, the Chargor shall be the owner of the Property for the last day of the term of the Lease, and of any renewal or substituted term, and of all rights of renewal in trust for the purchaser or purchasers.

ARTICLE 6: DEALING WITH THE SECURITY

6.01 CONCURRENT REMEDIES

The Chargee may exercise all remedies provided for in the Charge or at law concurrently or in such order and at such times as it may see fit and will not be obligated to exhaust any remedy or remedies before exercising its rights pursuant to any other provisions contained in the Charge or at law.

6.02 JUDGMENTS

The taking of a judgment or judgments against the Chargor for breach of any of the Chargor's obligations contained in the Charge will not operate as a merger of such obligations or affect the Chargee's rights to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon will be computed at the Interest Rate until such judgment is fully paid and satisfied.

6.03 DISCHARGE OF CHARGE AND RELEASE

(a) The Chargee will have a reasonable period of time after full payment of the Indebtedness and termination of the Credit Agreement to prepare and execute a discharge of the Charge. Interest at the Interest Rate will continue to run and accrue on all Indebtedness until full payment has been received by the Chargee. All reasonable legal and other expenses for the preparation, execution and delivery of the discharge, including an administration fee, will be paid by the Chargor. It will be the obligation of the Chargor to register the discharge of the Charge.

(b) The Chargee may in its discretion, subject to the restrictions of applicable legislation, at any time release any part or parts of the Property or any other security for the Indebtedness either with or without any consideration and without releasing any other part of the Property or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value of the land released or for any money except that actually received by the Chargee. Every part or lot into which the Property is or may hereafter be divided will stand charged with the entire Indebtedness.

(c) The Chargee may grant time, renewals, extensions, indulgences, releases and discharges, may take securities from and give the same up, may abstain from taking securities from or from perfecting securities and may otherwise deal with the Chargor, any Guarantor and all other persons and securities as the Chargee may see fit without notice or consent, all without prejudicing the rights of the Chargee pursuant to the Charge.

6.04 EXPROPRIATION

If the whole or any part of the Property is expropriated, condemned or otherwise taken by any governmental authority or corporation or is sold in lieu of or in reasonable anticipation of any such proceedings, all proceeds of any such expropriation or sale plus a bonus equal to three (3) month's interest thereon will, at the option of the Chargee, be paid to the Chargee, in priority to the claims of any other person and will, at the Chargee's option, be applied against all amounts secured by the Charge in such order of priority as the Chargee may in its sole discretion determine.

6.05 RENEWAL OR EXTENSION OF TIME

Neither any extension of time or any renewal of the Charge given by the Chargee to the Chargor or anyone claiming through the Chargor, any amendment to the Charge nor any dealing by the Chargee with a subsequent owner of the Property including any of the foregoing in which the Interest Rate may be increased or decreased, whether or not notice of any of the foregoing has been given or consent obtained, will in any way affect or prejudice the rights of the Chargee against the Chargor, any Guarantor or any other person or persons liable for payment of the Indebtedness except as therein provided. The Charge may be renewed by an agreement in writing for any term, with or without an increased or decreased rate of interest, with or without other amendments or it may at any time be otherwise amended and such renewal or amendment shall be effective and retain the same priority over any instrument registered after the Charge, whether or not it is registered. Any agreement for renewal or extension of the term of payment of the monies hereby secured, or any part thereof, or any agreement increasing or decreasing the rate of interest payable hereunder prior to execution of a discharge of this mortgage/charge by the Chargee need not be registered in any Land Titles Office but shall be effectual and binding on the Chargor and on any subsequent owner, Chargee or other party interested in the Property or any part thereof when deposited in or held at the office of the Chargee and shall take priority, as against any assignee, subsequent chargee, encumbrancer or other party as and from the commencement date of the renewal. If, upon the expiry of any term, the Chargee offers to extend or renew the term of this Charge and the Chargor fails to execute a renewal or extension agreement as required, the Chargee may prescribe the terms of renewal or extension, which will include extending the term for a further period of one year and prescribing the rate of interest payable on the outstanding balance at the then prevailing Chargee's one year fixed mortgage/charge rate or such other mortgage/charge rate as the Chargee, acting reasonably, deems appropriate and such terms shall be deemed to apply and be in full force and effect as against the Chargor as of the commencement date of the renewal or extended term. This Charge and all terms, covenants, and provisions (except as may be expressly amended by any such renewal or extension agreement) shall continue in full force and effect and nothing contained in any renewal or extension agreement shall have the effect of discharging, merging, replacing or rendering unenforceable this Charge as security unless the extension or renewal agreement so states.

6.06 SALE, TRANSFER OR CHARGE

(a) If the Chargor sells, leases, transfers or charges the Property or any interest in the Property without the written consent of the Chargee, and subject to the satisfaction of such conditions as the Chargee may specify in giving such consent, or if the Chargor is a corporation, its ownership or effective control changes, the Indebtedness will, at the option of the Chargee, forthwith become due and payable.

(b)If the Property is leasehold land, no sale or other dealing by the Chargor with the Lease or the Property or any part thereof or any other dealing by the Chargee with the Lease or the Property or any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable to repay the Indebtedness.

(c)No sale, transfer or charge of the Property by the Chargor, whether with or without the consent of the Chargee, will in any way change the liability of, or in any way alter the rights of the Chargee against, the Chargor, any Guarantor or any other person liable for payment of the Indebtedness or the performance of the obligations in the Charge.

6.07 ACCELERATION

After a Default or if all or any material part of the Property is expropriated, condemned or otherwise taken by any governmental authority or corporation having jurisdiction, the Indebtedness remaining unpaid will, at the option of the Chargee, immediately become due and payable.

6.08 LEASEHOLD RIGHTS

(a) The Chargee shall have the right to cure any default under the Lease.

(b) If the Chargor refuses or neglects to renew the Lease or any renewal thereof if so provided, then the Chargee may effect any such renewal in its own name or otherwise, and every renewal of the Lease and the Lands thereby demised shall remain and be security for the Indebtedness. The Chargor hereby irrevocably appoints the Chargee as its attorney for the purpose of effecting any such renewal.

ARTICLE 7: ASSIGNMENT OF RENTS

7.01 ASSIGNMENT OF RENTS

(a) The Chargor assigns to the Chargee all rents payable from time to time under all leases of the Property, whether presently existing or arising in the future, together with the benefit of obligations guarantees and indemnities contained in those leases.

(b) Immediately after granting any lease of the Property the Chargor shall, if requested by the Chargee, execute and deliver to the Chargee a specific assignment in the Chargee's usual form of all rents payable under such lease and the benefit of all tenant's obligations contained in such lease and will also execute and deliver to the Chargee all such notices and other documents as may be required in order to effect such assignment.

(c) Nothing contained in the Charge shall make the Chargee responsible for the collection of rents payable under any lease of the Property or for the performance of any of the landlord's obligations contained in any such lease.

(d) The Chargee shall not by virtue of the exercise of any of its rights under this Section be deemed a mortgagee/chargee in possession of the Property.

(e) The Chargee shall be liable to account only for such rents as are actually received (less reasonable collection charges). The Chargee may apply such rents to the payment of the Indebtedness in such manner as it shall determine.

(f)The Chargor shall until Default be entitled to collect all rents and other amounts due under all leases of the Property. The Chargor irrevocably authorizes the tenants under all leases to pay the rents to the Chargee after written demand from the Chargee without determination by the tenants whether Default has in fact occurred. Any rents or other monies received by the Chargor after Default shall be held in trust by the Chargor for the Chargee.

(g)Notwithstanding anything contained in the Charge, no lease of the Property granted by the Chargor without the consent in writing of the Chargee shall have priority over the Charge.

ARTICLE 8: MISCELLANEOUS

8.01 NOTICE

When any notice is given by the Chargee pursuant to or in connection with the Charge, such notice may be given in any manner permitted or provided by the laws applicable thereto, or, subject to the laws applicable thereto, may at the option of the Chargee be given by leaving it with the Chargor or any Guarantor or with a grown-up person at the Property, by mailing it by prepared registered post addressed to the Chargor or any Guarantor at the last known address of the Chargor or an Guarantor, by sending it by any electronic means of sending messages, including telex or facsimile transmission which produces a paper record, during normal business hours on a Business Day charges prepaid and confirmed by prepaid first class mail, or by publishing it once in some newspaper published or circulated in the city, town or county in which the Property is located. Such notice will be sufficient although not addressed to any person by name or designation and notwithstanding that any person to be affected thereby may be unknown, unascertained or under any disability. Subject to the laws from time to time applicable thereto, the giving of such notice in the manner aforesaid will be as effective as if the notice had been personally served upon all persons required to be served therewith.

8.02 MULTIPLE PARTIES AND ENFORCEMENT

If the Charge is given or assumed by more than one person, the obligations imposed by the Charge will be deemed to bind such persons jointly and severally unless otherwise specified. In the Charge, words in the singular include the plural and vice-versa, words in one gender include all genders and "person" includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or any other entity recognized by law. Time will be of the essence of the Charge. All provisions of the Charge will have effect notwithstanding any statute to the contrary unless otherwise specifically provided by the statute. If any provision of the Charge is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision will be deemed to be severed from the Charge, and the remaining provisions of the Charge will remain in full force and effect.

8.03 TITLES

Titles in the Charge are inserted for convenience of reference only and will not affect or modify the interpretation or construction of all or any part of the Charge.

8.04 DATE OF CHARGE

Unless otherwise specified in the Charge, the date of the Charge will be the date on which it was registered.

8.05 GOVERNING LAW

The Charge will be governed by, and interpreted and enforced in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

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8.06 WAIVER

The Chargee may waive any Default. No waiver will extend to a subsequent Default, whether or not the same as or similar to the Default waived, and no act or omission by the Chargee will extend to, or affect, any subsequent Default or the rights of the Chargee arising from such Default. Any such waiver must be in writing and signed by the Chargee. No failure on the part of the Chargee or the Chargor to exercise, and no delay by the Chargee or the Chargor in exercising, any right pursuant to the Charge will operate as a waiver of such right. No single or partial exercise of any such right will preclude any other or further exercise of such right or the exercise of any other right.

8.07 NON-MERGER OF CREDIT AGREEMENT

If the Charge secures a Collateral Loan, the Charge is collateral security to the Credit Agreement or the Guarantee. The terms and conditions of the Credit Agreement or the Guarantee will remain binding and effective on the parties to the Charge and will not merge in the Charge nor in any document executed or delivered with respect to the Charge. If there is any inconsistency between the terms of the Credit Agreement or the Guarantee and the Charge, the terms of the Credit Agreement or the Guarantee will apply.

8.08 OTHER FEES

The Chargor will pay the Chargee its then current fees for preparing and providing mortgage/charge statements and other information regarding the Charge requested by the Chargor, amending its records to reflect the assumption of the Charge, entering into an agreement to amend any provision of the Charge and such other administrative matters performed by the Chargee relating to any collateral security and such amounts will be included in Costs.

8.09 SUCCESSORS AND ASSIGNS

The Charge will enure to the benefit of and be binding upon the Chargor, the Chargee and any Guarantor and their respective heirs, executors, administrators, legal representatives, successors (including any successor by reason of amalgamation or statutory arrangement of any party) and permitted assigns. All of the obligations of the Chargor and any Guarantor in the Charge will be deemed to be covenants by the Chargor and any such Guarantor in favour of the Chargee.

8.10 STATUTES

Unless specified otherwise, reference in the Charge to a statute refers to that statute as it may be amended or to any restated or successor legislation of comparable effect.

8.11 NO OBLIGATION TO ADVANCE

Neither the preparation, execution nor registration of the Charge will bind the Chargee to advance all or any part of the Principal; the advance of a part of the Principal will not bind the Chargee to advance any unadvanced portion of the Principal. If the whole or any part of the Principal is not advanced, the expenses of the examination of the title and of the Charge and all valuation fees and standby and commitment fees together with all Costs will be secured by the Charge and form part of the Indebtedness and the charge on the Property will take effect as soon as the Chargor has executed the Charge.

8.12 CHANGE OF STATUS

After any change affecting (a) the spousal status of the Chargor, (b) the qualification of the Property as a matrimonial home within the meaning of Part II of the *Family Law* Act (Ontario) or (c) the title to or charging of the Property, the Chargor will advise the Chargee and provide the Chargee with the full particulars of such change. The Chargor will provide the Chargee with any information or evidence relating to any of the matters dealt with in this Section which the Chargee may request.

8.13 GUARANTEE

Each Guarantor, in consideration of such advance or advances as the Chargee may make to or on behalf of the Chargor pursuant to or secured by the Charge and the terms and provisions of the Charge:

(a) covenants with the Chargee, as principal debtor and not as surety, to pay or cause to be paid to the Chargee the Indebtedness as provided in the Charge, as fully and in the same manner as if the Guarantor had executed the Charge as Chargor.

(b) further covenants, as principal debtor and not as surety, to perform the Chargor's covenants contained in the Charge and at all times to indemnify the Chargee and save it harmless from all losses, costs and damages in respect of the advances of money pursuant to the Charge and every matter and thing contained in the Charge;

(c) agrees that the Chargee may from time to time without notice to, or the consent of, the Guarantor:

(i) extend the time for payment of all or any part of the Indebtedness;

(ii) renew the Charge for any term with or without any increase or decrease in the Interest Rate or decrease in the Principal amount;

(iii) amend the terms and times of payment and the Interest Rate with respect to the Indebtedness;

(iv) refrain or forbear from enforcing payment of the Indebtedness;

(v) release any portion or portions of the Property with or without compensation;

(vi) waive or vary any of the Chargor's obligations;

(vii) grant any indulgence to the Chargor in respect of any Default; and

(viii) release or discharge the Chargor in any creditor, receivership, bankruptcy or other proceeding and notwithstanding any such act by the Chargee, the Guarantor will be bound by the provisions of the Charge until all of the Indebtedness is paid in full;

(d) agrees that the Chargee may at any time grant or refuse any additional credit to the Chargor, accept or release or renounce any collateral or other security, administer or otherwise deal with the Property, take an assignment of the rentals with respect to the Property and apply any and all moneys at any time received from the Chargor or from any other person or from the proceeds of any securities given in connection with the Charge in any manner the Chargee may deem appropriate. The Chargee may also apply any insurance proceeds in reduction of the Indebtedness, whether due or not, or for the reinstatement of the Improvements as the Chargee may in its absolute discretion deem advisable;

(e) agrees that all of the matters mentioned in the Charge may be performed by the Chargee without notice to, or the consent of, the Guarantor without releasing or in any way modifying, altering, varying or in any way affecting the liability of the Guarantor hereunder;

(f) agrees that the liability of each Guarantor, if there is more than one Guarantor, will be joint and several;

(g) agrees that, if there is more than one Guarantor, the Chargee may from time to time without notice to, or consent of any or all of the Guarantors, waive, release or partially release, or vary any obligations of any other Guarantor without relieving the Chargee from its liability hereunder;

(h)agrees that in the event of a Default, the Guarantor hereby waives any right to require the Chargee to proceed against the Chargor or the Property or to exhaust its rights and remedies against the Chargor or the Property before proceeding against the Guarantor;

(i) agrees that if the Chargor is a corporation, no change thereto or therein, including any amalgamation with any other corporation, shall in any way affect the liability of the Guarantor either occurring before or after such change and the Chargee shall not be concerned to see or inquire into the powers of the Chargor or any of its directors or other agents acting or purporting to act on its behalf, and moneys and advances in fact borrowed or obtained from the Chargee in professed exercise of such powers shall be deemed to form part of the Indebtedness hereby guaranteed, notwithstanding such borrowing or obtaining of moneys or advances shall be in excess of the powers of the Chargor or of its directors or other agents as aforesaid, or be in any way irregular, defective or informal;

(j) acknowledges that this guarantee has been delivered free of any conditions and that no representations have been made to the Guarantor affecting the Guarantor's liability under this guarantee. This guarantee is in addition to and not in substitution for any other guarantee now or hereafter held by the Chargee.

(k) agrees that liability hereunder shall be a continuous liability and shall subsist until payment in full of the Indebtedness. The Guarantor shall indemnify the Chargee and hold it harmless from any delay or deficiency in payment of the Indebtedness.

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ACKNOWLEDGMENT

This Set of Standard Charge Terms is included in a Charge dated the day of , 19 , made by

as Chargor(s)

To

as Chargee(s)

as Guarantor(s)

and each Chargor and Guarantor hereby acknowledges receipt of a copy of this Set of Standard Charge Terms before signing the Charge.

Guarantor(s)	Chargor(s)
Guarantor(s)	Chargor(s)

DATED AT LONDON ONTARIO, THIS 7th DAY OF JUNE, 2005.

CITIFINANCIAL CANADA, INC.

Christos Vitsentzatos, Esq.
Associate General Counsel and
Assistant Secretary

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Filing Date 30 June 2005 Date de Dépôt
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Baldwin
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by Kenora District Credit Union Limited

Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every Charge in which this set is referred to by its filing number and as provided in Section 9 of the Act.

STATUTORY COVENANTS EXCLUDED

1. The Covenants deemed to be included in the Charge under Sub-Section 7(1), Clauses 1 and 2 of the Land Registration Reform Act, are hereby expressly excluded and replaced by the following Covenants.

COVENANTS IN LIEU OF STATUTORY COVENANTS

2. The Chargor hereby Covenants, promises and agrees to and with the Chargee as follows:

(i) **Authority to Charge the Lands and Premises**

That the Chargor now has good right, full power and lawful and absolute authority to charge the Lands and to give the Charge to the Chargee upon the Covenants contained in the Charge.

(ii) **No Act to Encumber**

That the Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected, or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

(iii) **Good Title in Fee Simple**

That the Chargor, at the time of the execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the Lands and the premises described in the Charge and in every part and parcel thereof, without any manner of trusts, reservations, limitations, provisoes, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

(iv) **Lands and Buildings Not Contaminated**

That the Buildings on the Lands are not insulated with urea formaldehyde foam and do not contain asbestos building materials, polychlorinated biphenyls, radioactive substances or other Hazardous Materials; no Hazardous Materials have been released into the natural environment from or through the Lands; to the best of the Chargor's knowledge, information and belief, after conducting all reasonable inquiries, no Hazardous Materials have been released into the natural environment from properties adjoining the Lands or from properties located within the immediate vicinity of the Lands, except as expressly permitted, licensed or authorized by Government Authority; the Lands have never been used as a land-fill or waste disposal site; no Hazardous Materials are or have ever been stored on or under the Lands; to the best of the Chargor's knowledge, information and belief, after having conducted all reasonable inquiries, no Hazardous Materials are or have ever been stored on or under properties adjoining the Lands or on or under properties within the immediate vicinity of the Lands; the condition of the soil on the Lands is such that it will not prevent or restrict future development of the Lands for commercial purposes.

"Hazardous Material" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environment, health and/or safety matters.

(v) **Promise to Pay and Perform**

That the Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations contained in the Charge. That the Chargor will comply with all orders issued by regulatory authorities and all environmental laws, regulations, and ordinances. That the Chargor will pay, as they fall due, all taxes, rates, assessments, and penalties, whether municipal, local, parliamentary, judicial, or administrative, which now or may hereafter be imposed, charged or levied upon the Lands or against the Chargor, and when required, produce for the Chargee receipts evidencing payment of the same.

The Chargee shall have the right from time to time to estimate the amount of taxes on the charged Lands and premises for each year and to require the Chargor to pay in each month a specified portion of such estimated amount in addition to the monthly instalments stipulated in this Charge (if any); and the Chargor covenants and agrees when so required to pay to the Chargee in

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addition to the monthly instalments herein mentioned (if any) such specified portion of the said taxes with each of the twelve succeeding monthly instalments herein mentioned next falling due, and the Chargor shall also pay to the Chargee on demand the amount, if any by which the actual taxes exceed such estimated amount. If the principal and interest are repayable on demand only, this amount on account of taxes shall be paid to the Chargee in each month on a day designated by the Chargee. If, before any amount on account of taxes so paid to the Chargee shall have been applied against taxes, there shall be arrears in the payment of principal and/or interest due and payable under this Charge, the Chargee may apply such amount paid on account of taxes instead towards payment of the arrears of principal and/or interest. The Chargee is not obligated to pay interest to the Chargor on amounts paid to the Chargee on account of taxes for the period of time immediately preceding the date the amounts are applied against taxes.

If the payment provisions in this Charge require the Chargor to make payments of principal and interest monthly, the Chargor and the Chargee may from time to time agree that payments of principal and interest (and any amount on account of taxes, if applicable) shall be made more frequently than monthly, in which case the Chargor shall comply with the terms of any such agreement instead of the payment provisions prescribed in this Charge.

If this Charge contains an interest adjustment date, the Chargor further covenants to pay, on such date, interest at the rate set forth in the Charge and all money advanced by the Chargee to the Chargor under the Charge, prior to such interest adjustment date.

(vi) **Obligation to Insure**

That the Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings and the land to the amount of not less than their full insurable value in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the Lands, and such insurance shall include not only insurance against loss or damage by fire, but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least three (3) days before the expiration thereof; otherwise, the Chargee may provide therefor and charge the premium paid and interest thereon, at the rate provided for in the Charge, to the Chargor and the same shall be payable forthwith and shall also be a Charge upon the Lands. It is further agreed that the Chargee may, at any time, require any insurance of the buildings to be cancelled and new insurance effected by a company to be named by the Chargee, and also of his own accord, may effect or maintain any insurance herein provided for in the Charge and the cost of effecting or maintaining same shall also be a Charge upon the Lands. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

(vii) **Obligation to Repair and to Remediate Environmental Contamination**

That the Chargor will keep the Lands and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent, enter upon and inspect the Lands and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to the Charge.

That in the event that, for any reason whatsoever, the representations and covenants contained in subsections 2(iv) and 2(viii) (a) (ii) regarding the Lands are not true or are breached or shall become untrue or breached any time after the registration of this Charge, then the Chargor shall forthwith conduct appropriate removal/remedial action and such removal/remedial action shall be pre-approved by the Chargee, acting reasonably. The Chargor shall conduct such appropriate environmental assessments as the Chargee may reasonably require in its discretion in order to give its approval. If the Chargor fails to conduct such assessments and/or to take appropriate remedial action, the Chargor hereby permits the Chargee to enter upon the Lands to conduct the assessments and/or effect the remedial action, and the reasonable cost of such assessments and/or remediation shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims subsequent to the Charge.

(viii) **Alterations**

(a) That the Chargor will not

(i) Permit waste to be committed or suffered on the charged premises;

(ii) Discharge or permit the discharge into the natural environment of the charged premises and/or neighbouring lands of any contaminant in an amount, concentration or level in excess of that prescribed by the regulations under the Environmental Protection Act of Ontario, or any similar or successor legislation, or if the contaminant is likely to cause an adverse effect; and

(iii) Suffer or permit any change in the general nature of the occupancy of the charged premises.

(b) That it will not remove or destroy any of the buildings, plant, machinery and equipment comprised in the improvements other than as herein otherwise provided; provided that nothing herein shall prevent the removal of any such property from one part of the charged premises to another or the temporary removal of any such property for purposes of repair, and provided further that the Chargor may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out, unserviceable or unnecessary for use in the conduct of any business conducted on the premises if such plant, machinery or equipment is replaced by plant, machinery and equipment of at least equal value or if the value of such plant, machinery or equipment so dealt with in one transaction and not so replaced does not exceed $5,000; provided that such removal or other disposition does not impair the successful operation of the charged premises;

(c) That the Chargor will not make or permit to be made any alterations, additions to, or subtractions from the charged premises without the consent of the Chargee in writing, which consent shall not be unreasonably withheld.

(d) That the Chargor, if the purpose of the Charge is to finance an improvement to the lands and/or buildings, will make the improvement only in accordance with plans and specifications previously approved by the Chargee and complete the improvements as quickly as possible.

(ix) **Obligation to Notify Chargee of Changes**

That the Chargor will forthwith provide the Chargee with full particulars of any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, and (b) qualification of the said Lands as a matrimonial home within the meaning of the Family Law Act, as amended, the intention being that the Chargee shall be kept fully informed of the names and addresses of any spouse who is not an owner but who has a right of possession in the said Lands by virtue of the said Act. In furtherance of such intention, the Chargor agrees to furnish the Chargee with such evidence in connection with either of (a) and (b) above as the Chargee may, from time to time, request.

(x) **Membership in Kenora District Credit Union Limited**

That during the currency of this Charge the Chargor will maintain at all times his status as a member in good standing of Kenora District Credit Union Limited in accordance with its by-laws and resolutions.

(xi) **Obligation to Maintain an Account out of which Payments can be drawn**

That, if regular payments of principal and interest (and taxes, if applicable) are required by the provisions of this Charge, the Chargor will maintain, with a branch of Kenora District Credit Union Limited, an account of a type satisfactory to the Chargee, and complete an authorization, in a form approved by the Chargee, whereby such account is automatically debited by an amount equal to each payment of principal and interest (and taxes, if applicable), when each payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account, then any such action or omission shall constitute a default under this Charge. The Chargor agrees to pay to the Chargee its current administration and processing fees for breaches of this covenant.

(xii) **Prohibition Against Subsequent Encumbrances**

That the Chargor will ensure that the Lands will remain free and clear of all encumbrances, liens, mortgages, charges, Personal Property Security interests and financing agreements subordinate to the Chargee's interest throughout the term of this Charge and any renewal or renewals thereof, except those approved in writing.

(xiii) **Casualty, Legal or Environmental Claim**

That the Chargor will give immediate notice in writing to the Chargee of any damage caused by fire or any other casualty to, or legal claim against, the said Lands.

That the Chargor will give immediate notice in writing to the Chargee of the receipt of material governmental or third party notices of violation, claims, suits, orders, or permit or approval revocations relating to environmental risks, and of any discharges or spills on or emanating from said Lands within the meaning of the Environmental Protection Act of Ontario, or any similar or successor legislation.

(xiv) **Ontario New Home Warranties Plan Act**

That if the land and buildings are subject to the requirements of the Ontario New Home Warranties Plan Act of Ontario, or any similar successor legislation, the Chargor will comply with such requirements and reimburse the Chargee for any costs which it may incur in effecting compliance or enforcing the Chargor's rights on its behalf if it fails to do so.

CHARGEE'S RIGHT TO ACCELERATE PAYMENT OF PRINCIPAL AND INTEREST

3. In the event of:

(i) The Chargor selling, conveying, transferring or leasing, or entering into any agreement to complete the same, of the title to any interest in the Lands hereby charged to a purchaser, grantee, transferee, or lessee not approved in writing by the Chargee;

(ii) The failure of such a purchaser, grantee, transferee or lessee to:

- (a) Apply for and receive the Chargee's written approval as aforesaid;
- (b) Personally assume all the obligations of the Chargor under this Charge; and
- (c) Execute an Assumption Agreement in the form required by the Chargee;

(iii) The death or total permanent disability of the Chargor;

(iv) The insolvency of the Chargor or any Guarantor;

(v) The expiration of three (3) months following the Chargor's withdrawal or expulsion from membership in Kenora District Credit Union Limited;

(vi) The winding up or dissolution of the Chargor or any Guarantor (if applicable); or

(vii) The Chargor neglecting to keep the buildings, erections and improvements in good condition and repair, or permitting any act of waste in the land (as to which the Chargee shall be sole judge), or making default as to any of the covenants, provisoes, agreements or conditions contained in the Charge or in any Charge to which this Charge is subject;

All monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest, as in the case of payment before maturity, the power of entering upon and leasing or selling the Lands and Premises hereby given and all the remedies herein contained may be exercised forthwith. The exercise of the said option by the Chargee shall not be valid unless expressed in writing and signed by an employee of the Chargee.

CHARGEE'S RIGHTS ON DEFAULT

4.

(i) **Interest After Default**

In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within three months from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time, and all such interest and compound interest shall be a Charge upon the land.

(ii) **Right to Distrain**

If the Chargor shall make default in payment of any part of the interest payable under the Charge, at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expense attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

(iii) **Waiver of Default**

The Chargor agrees that the Chargee may, in writing, at any time or times after default, waive such default and upon such waiver the time or times for payment of said principal amount shall be as set out in this Charge, and further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(iv) **Extensions, Renewals and Variations in Terms Not to Prejudice**

Unless the Chargee agrees in writing to the contrary, the obligations hereunder of the original Chargor and the Guarantors shall survive the granting by the Chargee to the original Chargor or anyone claiming under him, including subsequent owners of the lands or of any part thereof, of any extension of time or renewal or variation in terms in respect of the Charge (whether by informal arrangement or by way of a formal Extension, Renewal, or Amending Agreement signed by the Chargor, or subsequent owner, as the case may be). The Charge may be Renewed, Extended or Amended by an Agreement in writing, prior to, at, or after maturity for any term, with or without an increased rate of interest, between the Chargee and the original Chargor, or subsequent owner, as the case may be, with or without notice to, or the concurrence of, the Guarantors, if any, or any subsequent encumbrancers, and/or the original Chargor in the case of an Agreement with a subsequent owner. A Renewal or Extension of this Charge shall be deemed to not create a new Charge, but rather is an extension of this Charge, notwithstanding that a Renewal or Extension Agreement may amend the effective date of this Charge. It shall not be necessary to register any such Agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall infer any right of renewal upon the Chargor.

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(v) **Entry on Default**

From and after default shall happen to be made of or in the payment of the principal amount, or the interest payable thereon, or any part of either thereof, as provided in this Charge, of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations contained herein contrary to the true intent and meaning of this Charge, then and in every case it shall and may be lawful to and for the said Chargee to peaceably and quietly enter into, have, hold, use, occupy, possess, and enjoy the lands hereby charged free and clear and freely and clearly acquitted, exonerated and discharged of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances, and of and from all manner of other charges or encumbrances whatsoever without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whatsoever.

If the default includes a breach by the Chargor of his covenant to complete an improvement in accordance with the plans and specifications previously approved by the Chargee, the Chargee may, at its discretion, complete the improvement, subject to such reasonable changes in plans and specifications as a prudent owner would make under the circumstances.

(vi) **Power of Sale**

The Chargee, on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Lands or sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands, if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in a county or district in which the land is situate; and such notice shall be sufficient, although not addressed to any person or persons by name or designations; and notwithstanding that any person could be affected thereby may be unknown, unascertained, or under disability. Provided further, that in case default be made in a payment of the principal amount or interest or any part thereof, and such default continues for two months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling, or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form, within such time as so required by law. It is hereby further agreed that the whole or any part of parts of the Lands may be sold by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving in accordance with the terms of this Charge, and inspecting the Lands or by reason of non-payment or procuring the payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid, same shall be paid to the Chargor, or as he may direct. The costs, charges, and expenses referred to above shall include, but not be limited to, reasonable administration fees charged by the Chargee to the Chargor for the labour of employees expended in managing and inspecting the Lands and premises on behalf of the Chargee in its capacity as chargee in possession. The Chargee may sell any of the Lands, on such terms as to credit and otherwise as shall appear to him most advantageous, and for such prices as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contracts for the sale of the whole or any part of the Lands, and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers, after the satisfaction of the claim to the Chargee, and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see the propriety or regularity of any sale or lease, or be affected by express notice that any sale or lease is improper, and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(vii) **Further Assurances**

From and after default in the payment of the principal amounts secured by the Charge, or the interest thereon, or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then, and in every such case, the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Lands shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer and execute, or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Lands unto the Chargee, as by the Chargee or his solicitor, shall or may be lawfully and reasonably devised, advised or required.

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5. ADDITIONAL TERMS AND CONDITIONS

(i) **Costs Added to Principal**

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges, which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving the Lands and premises in accordance with the terms of this Charge, and inspecting the Lands and of negotiating the charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in selling or leasing the Lands or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien upon the land, which payments with interest at the rate provided for in the Charge, shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee, as aforesaid, shall be added to the principal amount secured by the Charge and shall be payable forthwith, with interest, at the rate provided for in the Charge.

(ii) **Partial Releases**

The Chargee may, at his discretion, at all times, release any part or parts of the Lands or any other security or any surety for the money secured under the Charge, either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from the Charge or from any of the covenants contained in the Charge, and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the Lands is or may hereafter be divided, does and shall stand charged for the whole monies secured under the Charge, and no person shall have the right to require the mortgage monies to be apportioned.

(iii) **Discharge**

Upon repayment in full of the monies secured hereby, all accrued interest and charges, and any bonus, if applicable, the Chargee shall sign a cessation of this Charge or, if requested by the Chargor, a transfer of the Charge, and send it to the Chargor within a reasonable time. The Chargor shall pay to the Chargee its usual administrative fee for preparing and signing the Cessation of Charge or Transfer of Charge, whether the Cessation or Transfer is prepared by the Chargee or by the Chargor or his solicitor. The Chargor is solely responsible for registering the Cessation or Transfer on title, at his own expense.

(iv) **Other Security**

This Charge is, in addition to and not in substitution for, any other security held by the Chargee for all or any part of the monies secured hereby. It is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively, at its option, in the event of default. Any judgment or recovery thereunder or hereunder shall not affect the right of the Chargee to realize upon this or any other security.

(v) **No Right of Prepayment**

This Charge is closed in that the Chargor shall have no right to prepay any part or parts of the monies secured hereby, at any time or times, prior to the date of maturity, provided however, that the Chargee may, in its sole discretion,

(a) Apply towards payment of the monies secured hereby, any monies received by it under any policy of group insurance carried by it on the lives of its borrowing members; and

(b) Calculate interest on a daily basis on the unpaid balance remaining outstanding, on the last previous payment date stipulated herein, and shall then apply said payment received first, in payment of interest so calculated to be due, and the balance, to be applied in reduction of the principal sum, upon receiving a payment from the Chargor, on any date or dates, other than the dates stipulated herein.

(vi) **Non-Merger of Covenants**

The taking of a judgment or judgments on any of the covenants herein, shall not operate as a merger of the covenants, or affect the Chargee's right to interest, at the rate and times provided for in the Charge; and further that any judgment shall provide that interest shall thereon be computed, at the same rate and in the same manner as provided in the Charge, until the judgment shall have been fully paid and satisfied.

(vii) **Date of Charge**

If this Charge contains an interest adjustment date, the date of this Charge shall be deemed to be the interest adjustment date stated in the Charge, notwithstanding that the Charge may have been executed on an earlier date. If this Charge does not contain an interest adjustment date, the date of this Charge shall be deemed to be the date of signature thereof by the first named Chargor.

(viii) **Recovery of Fees**

The Chargor agrees to pay to the Chargee, when due, the Chargee's then current administration and processing fees in connection with the preparation of any Mortgage Statement for Assumption purposes, Amending or other Agreements, statements for information purposes, any fees referred to in Paragraph 4(VI), charges for cheques relating to this Charge where payment has been

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refused due to insufficient funds or for any other reason and generally any fees in connection with the proper administration of this Charge. Any such fees and charges, if unpaid, shall be added to the principal outstanding pursuant to this Charge, and shall bear interest at the rate required by this Charge. The amount of any such fees or charges in effect at any particular time is available from any branch of Kenora District Credit Union Limited, upon request.

CONDOMINIUM

6.

If the charged Lands is a condominium unit and its appurtenant interest in the common areas, pursuant to the Condominium Act of Ontario, the following provisions shall form part of this Charge:

The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an Owner of the Lands, to vote or consent in all matters relating to the affairs of the Condominium Corporation named in the Charge, provided that:

(i) The Chargor shall be entitled to exercise the right to vote or consent, unless the Chargee gives notice of its intention to exercise such rights. Any such notice may be for an indeterminate period of time, or for a limited period of time, or for a specific meeting or matter.

(ii) The Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.

GUARANTEE CLAUSE

7. IN CONSIDERATION of the making, by the Chargee to the Chargor, the loan hereby secured, the Guarantors who have duly executed page one of this Charge:

(i) Agree to be jointly and severally liable with the Chargor, for the due payment of all monies payable hereunder, at the times and in the manner herein provided;

(ii) Unconditionally guarantee full performance and discharge by the Chargor of all of his obligations pursuant to the provisions hereof, at the times and in the manner herein provided; notwithstanding that the obligations of the Chargor hereunder may be void or unenforceable at law or in equity or pursuant to statute.

(iii) Agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or become liable for, by reason of:

  (a) The failure, for any reason whatsoever, of the Chargor to pay the money expressed to be payable pursuant to the provisions of this Charge;

  (b) The failure, for any reason whatsoever, of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of this Charge;

  (c) Any act, action, or proceeding of or by the Chargee, for or in connection with the recovery of the said monies, or the obtaining of performance by the Chargor or any other act, matter or thing pursuant to the provisions of this Charge;

(iv) Agree that the Chargee may at any time, and from time to time, and without notice to the Guarantors, or any consent or concurrence by them, make any settlement, extension, renewal or variation in terms of the said Charge (whether by informal arrangement or by way of a formal Extension, Renewal or Amending Agreement signed by the original Chargor or a subsequent owner prior to, at or after maturity) or take surrender any security, and that no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights, nor any other thing of the foregoing, loss by operation of law of any right of the Chargee against the Chargor, nor the loss or destruction of any security, shall in any way release or diminish the liability of the Guarantors hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid, and

(v) Agree that the Chargee shall not be obliged to proceed against the Chargor, or to enforce or exhaust any security before proceeding to enforce its obligations herein set out, and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor, or the enforcement of any security for any such debt or obligation.

INTERPRETATION

8.

It is hereby agreed, that in construing this Charge, the words "Chargor", "Chargee" and "Guarantors", and the personal pronouns "he", "his", "him", "they" or "them" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors", and "he", "she", "it" or "they", "his", "her", "its" or "their" and "him", "her", "it" or "them" respectively, as the number and gender of the party or parties referred to in each case require, and the number and the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. Furthermore, all rights, advantages, privileges, immunities, powers and things hereby secured to the "Chargor" or "Chargors", "Chargee" or "Chargees", shall be equally secured to and exercisable by his, her its or their heirs, executors, administrators and assigns or successors and assigns, as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors" shall be equally binding upon his, her, its or their heirs, executors, administrators and assigns, or successors and assigns as the case may be; and all such covenants, liabilities and

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obligations shall be made by the Chargors or Guarantors jointly and severally, unless the Charge specifies otherwise.

DEFINED TERMS

9.

It is hereby further agreed that all words appearing in this Charge that are defined in Section 1 of the Land Registration Reform Act, 1990, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Land Registration Reform Act, 1990.

ACKNOWLEDGEMENT OF RECEIPT

I/We, the undersigned, hereby acknowledge receipt of a copy of these Standard Charge Terms, this day of ______________________________.

______________________________ ______________________________

DATED this 4th day of May, 2005.

Kenora District Credit Union Limited
by their solicitors, Tanner & Guiney Associates

Per: ______________________________
Geoffrey F. Gauchi

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200524 Cote

NORTHERN CREDIT UNION LIMITED

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed By: Northern Credit Union Limited
Filing No: ____________________
Filing Date: ____________________

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200525 Cote
Filing Date Aug. 17th 2005 Date de Dépôt
Page 1 of/de 18 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

The following set of standard charge terms shall be deemed to be included in every Charge in which this set of standard charge terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act.

1. DEFINITIONS

(a) General Definitions

The following definitions shall apply to a Charge whether a Form 2 Charge or an ERS Charge:

(i) "Additional Principal Amounts" means any additional principal amounts advanced by the Chargee to the Chargor, at the Chargee's option, from time to time under the Charge;

(ii) "Adjusted Posted Rate" means the Posted Rate, on the date of the prepayment, for charges with a term similar to the period remaining in the Term and having the same prepayment privileges as the Charge, less the amount, if any, by which the Charge Rate was reduced below the Posted Rate applicable on the date the Charge took effect for charges having the same term and prepayment privileges as the Charge;

(iii) "Charge" means a Form 2 Charge or an ERS Charge in which this set of standard charge terms is deemed to be included pursuant to the Land Registration Reform Act and includes any schedules attached to it, any additional provisions contained in it, any renewals or extensions thereof, amendments thereto, and includes this set of standard charge terms;

(iv) "Charge Rate" has the meaning given to it in paragraphs 5(a) or 5(b) of these standard charge terms, as applicable;

(v) "Charged Premises" means the lands and premises described in the Charge, including all improvements thereto and all fixtures forming a part thereof;

(vi) "Condominium Act" means the *Condominium Act*, S.O. 1998, c. 19, as amended or replaced from time to time;

(vii) "Condominium Corporation" means the condominium corporation created by the registration pursuant to the Condominium Act of a Declaration in which a portion of the lands described in the Declaration are the Charged Premises;

(viii) "Declaration" means the declaration which, together with a description, was registered pursuant to the Condominium Act thereby creating the Condominium Corporation, as same may be amended from time to time;

(ix) "ERS Charge" means a charge in an electronic format registered electronically pursuant to the provisions of Part III of the Land Registration Reform Act and the regulations made pursuant thereto;

(x) "Form 2 Charge" means a Charge/Mortgage of land registered using a paper based system of registration pursuant to the provisions of Part I of the Land Registration Reform Act and the regulations made pursuant thereto;

(xi) "Land Registration Reform Act" means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, as amended or replaced from time to time;

(xii) "Lease" has the meaning given to it in section 16 of these standard charge terms;

(xiii) "Loan to Value Ratio" means the ratio of the Principal Amount to the lesser of: (i) the purchase price paid by the Chargor to acquire the Charged Premises; or (ii) the value of the Charged Premises on the date the Charge takes effect. The value of the Charged Premises shall be determined by the Chargee in its sole discretion;

(xiv) "NHA" means the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time;

(xv) "Outstanding Principal Amount" means the aggregate of the portion of the Principal Amount and the portion of any Additional Principal Amounts that are outstanding from time to time under the Charge;

(xvi) "Posted Rate" means the annual interest rates determined from time to time by the Chargee applicable to fixed rate residential mortgage loans in Ontario which rates vary depending upon the term and other features of the applicable mortgage loan;

(xvii) "Renting" means permitting occupancy of the whole or any part of the Charged Premises by a Tenant by way of rental, lease or other agreement whether oral or written;

(xviii) "Prime Rate" means the annual rate of interest determined from time to time by the Chargee as the rate then in effect for Canadian dollar commercial loans;

(xix) "Reversion" has the meaning given to it in paragraph 16(b) of these standard charge terms;

(xx) "Taxes" means all municipal taxes, school taxes and local improvement rates chargeable against the Charged Premises;

(xxi) "Tenant" shall be one or more persons as defined in the *Tenant Protection Act*, S.O. 1997, c.24 as amended or replaced from time to time; and

(xxii) "Term" means the period of time from the Interest Adjustment Date to the maturity date of the Charge.

(b) **Definitions for Form 2 Charge**

If the Charge is a Form 2 Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" means the date indicated in Box 9(i);

(ii) "Box" means a box contained in the Form 2 Charge in which the names of parties to and the terms of the Form 2 Charge may be indicated;

(iii) "Chargee" means the party referenced in Box 14;

(iv) "Chargor" means the party referenced in Box 11;

(v) "Covenantor" has the meaning given to it in section 37 of these standard charge terms;

(vi) "First Payment Date" means the date indicated in Box 9(f);

(vii) "Fixed Rate Mortgage" means a Charge which is stated to be a Fixed Rate Mortgage in Box 10;

(viii) "Interest Adjustment Date" means the date indicated in Box 9(d);

(ix) "Last Payment Date" means the date indicated in Box 9(g);

(x) "Maximum Rate" means the interest rate per annum indicated in Box 10 which rate will be the maximum interest rate payable during the term of the Charge;

(xi) "*Northern Carefree Mortgage*" means a Charge which is stated to be a Northern Carefree Mortgage in Box 10;

(xii) "Open Mortgage" means a Charge which is stated to be an Open Mortgage in Box 10;

(xiii) "Payment Amount" means the dollar amount of money indicated in Box 9(h);

(xiv) "Principal Amount" means the dollar amount of money indicated in Box 4;

(xv) "Rate" means the interest rate expressed in words and/or numbers in Box 9(b); and

(xvi) "Variable Rate Mortgage" means a Charge which is stated to be a Variable Rate Mortgage in Box 10.

(c) **ERS Charge Definitions**

If the Charge is an ERS Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" means the date indicated in the Computer Field entitled "Balance Due Date";

(ii) "Chargee" means the party indicated in the Computer Field entitled "Chargee";

(iii) "Chargor" means each and every party indicated in the Computer Field entitled "Chargor(s)";

(iv) "Computer Field" means a computer data entry field in an ERS Charge into which the names of the parties to and the terms of an ERS Charge may be indicated;

(v) "First Payment Date: means the date indicated in the Computer Field entitled "First Payment Date";

(vi) "Fixed Rate Mortgage" means a Charge which is stated to be a Fixed Rate Mortgage in the Computer Field entitled "Additional Provisions";

(vii) "Interest Adjustment Rate" means the date indicated in the Computer Field entitled "Interest Adjustment Date";

(viii) "Last Payment Date" means the date indicated in the Computer Field entitled "Last Payment Date";

(ix) "Maximum Rate" means the interest rate per annum indicated in the computer Field entitled "Additional Provisions" which rate is stated to be the Maximum Rate;

(x) "*Northern Carefree Mortgage*" means a Charge which is stated to be a Northern Carefree Mortgage in the Computer Field entitled "Additional Provisions"

(xi) "Open Mortgage" means a Charge which is stated to be an Open Mortgage in the Computer Field entitled "Additional Provisions";

(xii) "Payment Amount" means the dollar amount of money indicated in the Computer Field entitled "Payment";

(xiii) "Principal Amount" means the dollar amount of money indicated in the Computer Field entitled "Principal";

(xiv) "Rate" means the interest rate expressed in words and/or numbers indicated in the Computer Field entitled "Rate"; and

(xv) "Variable Rate Mortgage" means a Charge which is stated to be a Variable Rate Mortgage in the Computer Field entitled "Additional Provisions".

2. FREEHOLD CHARGE

If the Chargor named in the Charge has a fee simple interest in the Charged Premises, the following paragraph applies to the Charge:

The Chargor named in the Charge of which this set of standard charge terms forms a part by reference to its filing number in such Charge charges the Charged Premises with the payment to the Chargee of the principal and interest and all other monies secured by the Charge upon the terms set out in the Charge.

3. PRINCIPAL AMOUNT SECURED

The amount of principal money secured by the Charge is the Principal Amount, plus Additional Principal Amounts, if any, advanced by the Chargee. The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the amount of the initial advance or advances made by the Chargee, less the principal amount repaid by the Chargor, plus Additional Principal amounts, if any) may not exceed the Principal Amount.

4. DATE OF CHARGE

The Charge shall be deemed to be dated, if the Charge is an ERS Charge, as of the date of delivery for registration of the ERS Charge and, if the Charge is a Form 2 Charge, as of the date of signature of the first named Chargor unless, in either case, as otherwise specifically provided.

5. CHARGE RATE

The rate of interest chargeable upon the Principal Amount, any Additional Principal Amounts and all other amounts payable under the Charge shall be:

(a) For Fixed Rate Mortgages

(i) if the Charge is an ERS Charge, the percentage per annum indicated in the Computer Field entitled "Rate"; or

(ii) if the Charge is a Form 2 Charge, the percentage per annum indicated in Box 9 (b), (such rate of interest being hereinafter referred to as the "Charge Rate") in either case, calculated half-yearly not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(b) For Variable Rate Mortgages and *Northern Carefree Mortgages*

(i) if the Charge is an ERS Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in the Computer Field entitled "Rate", plus or minus the number of percentage points per annum, if any, indicated in the Computer Field entitled "Rate"; or

(ii) if the Charge is a Form 2 Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in Box 9(b), plus or minus the number of percentage points, per annum, if any, indicated in Box 9(b), (such rate of interest is hereinafter referred to as the "Charge Rate"), in either case, payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

If the Charge is a Variable Rate Mortgage or a *Northern Carefree Mortgage*, the Charge Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Charge Rate will always be the Prime Rate plus or minus the number of percentage points per annum, if any, indicated either in the Computer Field entitled Rate of an ERS Charge or in Box 9(b) of a Form 2 Charge, as applicable, payable monthly and calculated monthly not in advance. If the Charge is a *Northern Carefree Mortgage*, the Charge Rate shall not exceed the Maximum Rate payable monthly and calculated monthly, not in advance.

The Charge Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in Section 11 of these standard charge terms.

6. DEFEASANCE

(a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

(b) The Charge shall be void upon the Chargor paying to the Chargee the Principal Amount with interest thereon at the Charge Rate, calculated half-yearly not in advance as well after as before maturity and both before and after default and judgment until paid and upon the Chargor paying all other amounts secured by the Charge and observing all covenants contained in the Charge as follows:

(i) interest at the Charge Rate on the portion of the Principal Amount from time to time advanced, computed from the respective dates of such advances up to and including the Interest Adjustment Date, shall become due and be paid on the Interest Adjustment Date, provided that, the Chargee, at its option, may require the aforesaid interest, computed from the date of each such advance to become due and payable in monthly instalments commencing on the same day of the month next following the date of the first advance, and on the same day of each month thereafter, and the balance, if any, of the aforesaid interest on advances will become due and be paid on the Interest Adjustment Date. At the option of the Chargee, interest so due and payable may be deducted from any such advances;

(ii) the Principal amount advanced, together with interest thereon at the Charge Rate computed from the Interest Adjustment Date, or if this Charge is indicated to be payable in instalments of interest only until the end of the Term, such interest only, will become due and be paid by equal consecutive monthly instalments each in the amount of the Payment Amount, the first of such instalments to become due and be paid on the First Payment Date and a like amount on the same day of each consecutive succeeding month thereafter up to and including the Last Payment Date;

(iii) the Outstanding Principal Amount and interest thereon will become due and be paid on the Balance Due Date;

(iv) any Additional Principal Amounts advanced from time to time with interest thereon at the Charge Rate shall be paid at the time and in the manner agreed to by the Chargor and the Chargee in writing; and

(v) upon the Chargor paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge.

7. APPLICATION OF INSTALMENT PAYMENTS

(a) Application of Instalments

The instalments payable under the Charge are to be applied firstly to life and/or disability insurance premiums payable by the Chargor in respect of the Charge, if any, secondly to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the Charge, including tax accounts, if any, thirdly to interest at the Charge Rate on the Outstanding Principal Amount, and unless the Charge is indicated to be payable with instalments of interest only until the end of the Term, the balance of the instalments shall be applied on account of the Outstanding Principal Amount. If the Chargor has defaulted under the Charge, then the Chargee may apply any payments received during the period of default in whatever order it may elect as between the outstanding Principal Amount, interest, taxes, repairs, insurance premiums or any other amounts payable by the Chargor under the Charge.

(b) Increase of Instalment Payment

If the Charge is a Variable Rate Mortgage or a *Northern Carefree Mortgage*, then although the Payment Amount is fixed under the terms of the Charge, the respective portions of interest and principal which comprise each instalment may vary as the Prime Rate varies and, therefore, the Charge Rate payable under the Charge varies. As a result, if the Prime Rate declines, a larger portion of any instalment will be applied against the Outstanding Principal Amount, thus accelerating the reduction of the Outstanding Principal Amount. Conversely, if the Prime Rate increases, a larger portion of any instalment will be applied against accrued interest, thus delaying the reduction of the Outstanding Principal Amount. If the Charge is not in default and a regularly scheduled instalment payment is not sufficient to pay all accrued interest on the Outstanding Principal Amount, the Chargor agrees that the Chargee may, without notice to the Chargor, increase the amount of the instalment payment in increments of one dollar, until the instalment payment amount is sufficient to pay all interest that has accrued from the last instalment date up to and including the date of the payment. The amount so paid shall become the new instalment payment amount until such time as the Chargee and Chargor may agree to a different instalment payment amount or the instalment amount is again increased in accordance with the terms hereof.

8. DEFAULT INTEREST COMPOUNDED

It is agreed that if default is made in the payment of any amount to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next instalment payment date after the date of default a rest shall be made, and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises and shall be secured by the Charge.

9. ADDITIONAL PRINCIPAL AMOUNTS

Upon repayment to the Chargee of the Principal Amount in whole or in part, the Chargor from time to time, at the Chargee's option and subject to any restrictions imposed from time to time for NHA mortgages, may borrow Additional Principal Amounts, in which event, the Charge will remain as security for all Outstanding Principal Amounts, interest and other amounts from time to time owing by the Chargor to the Chargee whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, it being agreed that the Charge at any one time will secure only the aggregate of the portion of the Principal Amount then outstanding plus any Additional Principal Amounts then outstanding not exceeding the Principal Amount, together with any accrued interest or compound interest at the Charge Rate on such amounts. Upon repayment in full of the Principal Amount and any Additional Principal Amounts, the Chargee shall be entitled to discharge the Charge without notice to the Chargor.

10. PREPAYMENT PRIVILEGES

(a) Fixed Rate Mortgages

If the Charge is a Fixed Rate Mortgage repayable in blended instalments of principal and interest, the Chargor when not in default under the Charge, may:

(i) at any time during the Term prepay the whole or any part of the Outstanding Principal Amount upon payment of the greater of (a) three (3) months' bonus interest at the Charge Rate, or (b) interest for the remainder of the Term at a rate of interest equal to the extent, if any, by which the Charge Rate exceeds the Adjusted Posted Rate. In either case, the bonus interest is calculated on the portion of the Outstanding Principal Amount prepaid.

If the Term is greater than five (5) years, the Chargor may prepay the Outstanding Principal Amount and any other amounts, including interest, due under the Charge, at any time after the end of the fifth year of the Term, upon payment of three (3) months' bonus interest at the Charge Rate;

(ii) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, prepay on any instalment payment date without notice or bonus, a portion of the Outstanding Principal Amount not exceeding twenty percent (20%) of the Principal Amount. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative;

(iii) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, elect to increase the regular instalments by any additional amount not exceeding twenty percent (20%) of the instalment being paid immediately prior to such increase, such increase to commence on the payment date specified in such written notice. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

(iv) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, on any regular instalment payment date, elect to increase the regular loan instalment payment by an additional amount not exceeding one-hundred percent (100%) of the original loan instalment payment under this Charge. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

(b) Variable Rate Mortgages

If the Charge is a Variable Rate Mortgage, the Chargor, when not in default under the Charge, may on any payment date prepay the whole or any part of the Outstanding Principal Amount, without notice or bonus.

(c) *Northern Carefree Mortgages*

If the Charge is a *Northern Carefree Mortgage*, the Chargor, when not in default under the Charge, may:

(i) at any time during the Term prepay the whole or any part of the Outstanding Principal Amount upon payment of three (3) months' bonus interest at the Maximum Charge Rate calculated on the portion of the Outstanding Principal Amount prepaid;

(ii) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, prepay on any instalment payment date, without notice or bonus, a portion of the Outstanding Principal Amount not exceeding twenty percent (20%) of the Principal Amount. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative;

(iii) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, elect to increase the regular instalments by any additional amount not exceeding twenty percent (20%) of the instalment being paid immediately prior to such increase, such increase to commence on the payment date specified in such written notice. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

(iv) once in each twelve (12) month period, commencing on the Interest Adjustment Date or any anniversary thereof, on written notice to the Chargee, on any regular instalment payment date, elect to increase the regular loan instalment payment by an additional amount not exceeding one-hundred percent (100%) of the original loan instalment payment under this Charge. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

11. EQUIVALENT INTEREST RATES

Set out below is a table of equivalent interest rates. This information is provided for disclosure purposes only and does not affect the calculation of interest under a Variable Rate Mortgage or *Northern Carefree Mortgage* which are calculated in accordance paragraph 5(b) of these standard charge terms. The following table sets out interest rates calculated half yearly, not in advance, which are equivalent to interest rates calculated monthly not in advance.

The following formula using the current rate may be used to determine the amount of interest accrued on the principal sum in the payment period.

Principal amount owing after last payment	**X**	**Current mortgage Rate**	**X**	$\frac{\textbf{Number of days during payment period on which current mortgage rate was chargeable}}{\textbf{Number of days in the year}}$

Assuming the following:

(a) Principal amount owing after last payment	$92,550
(b) Current Mortgage Rate	9%
(c) Monthly Installment	$ 827.97
(d) Number of days during the payment period	30 days

The formula set our above can be used to determine the interest which accrued on the principal sum during the period.

$92,550	X	9%	X	$\frac{30}{365}$	=	$684.62

The monthly installment ($827.97) is applied firstly to payment of accrued interest ($684.62) leaving a balance of $143.35 to reduce the principal.

The following information is provided to you since the current interest rate may be expected to change from time to time. For each current mortgage rate (calculated monthly not in advance) set forth, the adjacent column sets forth the equivalent interest rate calculated semi-annually not in advance.

CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
3.000	3.01881	8.000	8.13452	13.000	13.35721
3.125	3.14542	8.125	8.26378	13.125	13.48916
3.250	3.27208	8.250	8.39310	13.250	13.62118
3.375	3.39882	8.375	8.52249	13.375	13.75327
3.500	3.52562	8.500	8.65195	13.500	13.88543
3.625	3.65249	8.625	8.78147	13.625	14.01766
3.750	3.77942	8.750	8.91106	13.750	14.14995
3.875	3.90642	8.875	9.04072	13.875	14.28231
4.000	4.03348	9.000	9.17045	14.000	14.41474
4.125	4.16061	9.125	9.30024	14.125	14.54724
4.250	4.28781	9.250	9.43010	14.250	14.67981
4.375	4.41507	9.375	9.56002	14.375	14.81244
4.500	4.54240	9.500	9.69002	14.500	14.94514
4.625	4.66979	9.625	9.82008	14.625	15.07791
4.750	4.79725	9.750	9.95021	14.750	15.21075
4.875	4.92478	9.875	10.08040	14.875	15.34366
5.000	5.05237	10.000	10.21066	15.000	15.47664
5.125	5.18003	10.125	10.34099	15.125	15.60968
5.250	5.30776	10.250	10.47139	15.250	15.74279
5.375	5.43555	10.375	10.60185	15.375	15.87597
5.500	5.56341	10.500	10.73238	15.500	16.00922
5.625	5.69133	10.625	10.86298	15.625	16.14254
5.750	5.81932	10.750	10.99365	15.750	16.27593
5.875	5.94738	10.875	11.12438	15.875	16.40939
6.000	6.07550	11.000	11.25519	16.000	16.54291
6.125	6.20369	11.125	11.38605	16.125	16.67650
6.250	6.33195	11.250	11.51699	16.250	16.81016
6.375	6.46027	11.375	11.64800	16.375	16.94389
6.500	6.58866	11.500	11.77909	16.500	17.07769
6.625	6.71711	11.625	11.91021	16.625	17.21156
6.750	6.84564	11.750	12.04141	16.750	17.34550
6.875	6.97423	11.875	12.17269	16.875	17.47950
7.000	7.10288	12.000	12.30403	17.000	17.61358
7.125	7.23160	12.125	12.43544	17.125	17.74772
7.250	7.36039	12.250	12.56692	17.250	17.88193
7.375	7.48925	12.375	12.69846	17.375	18.01621
7.500	7.61817	12.500	12.83008	17.500	18.28498

7.625	7.74716	12.625	12.96176	17.625	18.28498
7.750	7.87621	12.750	13.09351	17.750	18.41947
7.875	8.00534	12.875	13.22533	17.875	18.55403

12. SKIP PAYMENT OPTION

Subject to any restrictions imposed from time to time for NHA mortgages, once in each twelve (12) month period commencing from the Interest Adjustment Date or the anniversary thereof, a Chargor may upon giving prior notice in writing to the Chargee, skip a monthly instalment under the Charge. The Chargor may repay the amount of any skipped instalment at any time during the term without bonus or penalty. If the Chargor skips an instalment pursuant to this subparagraph, the Chargor must nonetheless make any payment to the Chargee that is required for taxes and life and/or disability insurance premiums. The amount of the interest portion of all skipped instalments will be added to the Outstanding Principal Amount, and will form a charge on the Charged Premises and will bear interest at the Charge Rate.

13. CASH BACK PAYMENTS

If the Chargor prepays the whole of the outstanding principal amount or the Charge Rate and/or the Term is/are amended at the request of the Chargor, in addition to any other bonus or penalty payable under the Charge, if a Chargor has received a cash back payment from the Chargee, the Chargor shall repay that portion of the cash back payment equal to the number of months in the term, multiplied by the number of months remaining at the time of prepayment in full or amendment of the Charge.

14. REALTY TAXES

It is agreed between the Chargor and the Chargee that:

(a) The Chargee may deduct from the final advance of the principal amounts secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the Interest Adjustment Date and are unpaid at the date of such final advance.

(b) After the Interest Adjustment Date, the Chargor shall pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment of taxes.

(c) Where the period between the Interest Adjustment Date and the next following annual due date or first instalment date for taxes is less than one year the Chargor shall pay to the Chargee in equal monthly instalments, during such period and during the next succeeding 12 month period, an amount estimated by the Chargee to be sufficient to pay, on or before the expiration of the said 12 month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 month period expires; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed the estimated amount.

(d) Except as provided in Section 14(c) the Chargor shall, in each and every month, pay to the Chargee one-twelfth of the amount (as estimated by the Chargee) of the taxes next becoming due and payable. The Chargor shall also pay to the Chargee, on demand, the amount, if any, by which the actual taxes exceed the estimated amount.

(e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes at a rate per annum, and at such times, as the Chargee may determine in its sole discretion. The Chargor shall be charged interest at the Charge Rate, on the debit balance, if any of taxes in the charge account outstanding after payment of taxes by the Chargee, until the debit balance is fully repaid.

(f) The Chargor shall reimburse the Chargee, on demand, for any fees paid or charges incurred by the Chargee to a municipality or other tax authority from time to time in connection with the administration of the tax account, including any fees or charges for the obtaining of information or searches or certificates in respect thereof, or the payment of taxes in any manner and the Chargor authorizes the Chargee to deduct the amount of such fees or charges from the tax account.

The Chargee agrees to apply such deduction and payments on the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment of principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the portion of the Principal Amount and/or interest in default. The Chargor further covenants and agrees to transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.

Notwithstanding the foregoing, the Chargee may elect not to require payment of taxes to it in which case the Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

15. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby, covenant, promise and agree to and with the Chargee, as follows:

(a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount, Additional Principal Amounts and any other amounts secured by the Charge with interest at the Charge Rate at the times and in the manner limited for payment thereof, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay.

(b) Good Title

If the Charge is a charge of a fee simple estate, that the Chargor, at the time of execution and delivery of the Charge, in the case of a Form 2 Charge, or at the time of delivery for registration, in the case of an ERS Charge, is and stands solely, rightfully and lawfully seized of a good, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee, in the manner set out in the Charge.

(d) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizance and of any other charges or encumbrances whatsoever.

(e) Further Assurances

That from and after default in the payment of any amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for the Chargor, shall and will, from time to time, and at all times thereafter, make, do, suffer, execute, deliver, authorize and register or cause or procure to be made, done, suffer, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the Charged Premises or the lands and premises intended to be charged by the Charge, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever.

(g) Insurance

(i) That the Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils or any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the Charged Premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a copy of the Charge, if the Charge is a Form 2 Charge, or a printed copy of the Charge if the Charge is an ERS Charge, shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the

Chargee; and any insurance monies received may, at the option of the Chargee, be applied to rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge on account of the amounts secured by this Charge or any part thereof whether due or not then due.

(ii) If the Charged Premises are part of a condominium the insurance provisions set out in paragraph 15(g)(i) above will not apply and the following will apply to the Charge:

And that the Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the lands described in the Declaration and which may hereafter be erected thereon, both during erection and thereafter all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils or any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor and the Condominium Corporation with forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Charge to observe and perform all the duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration and by-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(h) Expropriation

The Chargor and the Chargee agree that if the whole or any part of the Charged Premises are expropriated by a public authority pursuant to the *Expropriations Act*, then any monies paid to the Chargor in compensation for the expropriation of the whole or part of the Charged Premises shall be paid by the Chargor to the Chargee as a lump sum payment under the Charge. The Chargee through its agents or employees may order a survey and/or property valuation of the Charged Premises in order to ascertain the value of the expropriated lands and the remaining lands. Any and all reasonable costs, charges and expenses for such survey and or property valuation shall be added to the principal amount secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

16. LEASEHOLD PROVISIONS

If the interest of the Chargor in the Charged Premises derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license of the Charged Premises (such lease, sublease agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:

(a) all references herein to "Charged Premises" shall include all right, title and interest of the Charge from time to time in and to the Lease and the lands and premises demised under the Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of the Charge;

(b) the Chargor grants, mortgages, demises, sub-leases and charges to the Chargee all estate, term, right, title and interest of the Chargor in and to the Lease and the Charged Premises, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Chargor in or to the lands and premises demised by the Lease during the term of the Charge, together with the Lease and all right, title and interest of the Chargor in the Lease and all benefit and advantage therefrom for the Chargee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "Reversion"), as security for the payment to the Chargee of the Principal amount, plus the Additional Principal amounts, if any, and interest on such amounts and all other amounts secured by the Charge and for the performance of all liabilities and obligations secured by the Charge upon the terms set out in the Charge;

(c) the Chargor represents and warrants to the Chargee as follows:

(i) the Chargor has good leasehold title to the Charged Premises free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Chargee;

(ii) the Lease is, at the time of execution and delivery of the Charge in the case of a Form 2 Charge, and at the time of delivery for registration in the case of a ERS Charge, a good, valid and subsisting lease and has not been surrendered or forfeited or become void or voidable and the Charge has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;

(iii) there have been no modifications to the Lease that have not been provided to the Chargee;

(iv) the rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Chargor up to the date of the Charge;

(v) the Chargor has a good right, full power and lawful and absolute authority to demise and sublet the Lease to the Chargee in the manner aforesaid;

(d) the Chargor covenants and agrees with the Chargee as follows:

- (i) the Chargor shall stand possessed of the Reversion in trust for the Chargee to assign and dispose of the Reversion in such manner as the Chargee shall by notice in writing direct (subject to the right of redemption in the Charge) and the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to assign the term of the Lease as the Chargee shall at any time direct;

- (ii) the Chargor, at the request of the Chargee but at the cost, charge and expense of the Chargor, will grant and assign to the Chargee, or to whomever the Chargee may appoint, the Reversion or any renewal or substituted term of the Lease;

- (iii) the Chargor shall pay the rent reserved by and other amounts due under the Lease shall observe and perform each and every covenant, agreement, condition and proviso contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Chargor shall indemnify the Chargee against all actions, claims and demands whatsoever in respect of the rent and covenants or anything relating thereto;

- (iv) the Chargor shall not, during the continuance of the Charge, transfer, assign, sub-lease, surrender or terminate the Lease or any of its rights or interest in the Lease;

- (v) the Chargor shall not, during the continuance of the Charge, enter into any agreement purporting to modify, alter or amend the Lease, without the prior written consent of the Chargee;

- (vi) the Chargor shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and subject to any contrary directions from the Chargee, shall exercise any such options or rights so as to maintain or continue the term of the Lease for the whole of the period during which any debts or liabilities secured by the Charge remain outstanding;

- (vii) any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Chargee to demand repayment of all amounts then secured by the Charge;

- (viii) if the Chargor becomes the owner of the freehold of the lands and premises directly by the Lease to the same extent and effect as if the Chargor had been the owner of the freehold, free from encumbrances, at the date the Charge took effect. To give effect to the foregoing the Chargor does hereby grant and mortgage the freehold interest in the Charged Premises unto the Chargee, such grant to take effect upon the Chargor acquiring freehold title to the said Charged Premises. The Chargor covenants and agrees to execute and deliver, in the case of a Form 2 Charge or, in the case of an ERS Charge, authorize the delivery for registration, at the Chargor's expense, forthwith on demand therefor, such further and other documents as the Chargee may reasonably require for the purpose of validly giving effect to the foregoing;

- (ix) the Chargor shall immediately notify the Chargee of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor;

(e) any reference in the Charge to any charges payable in respect of the Charged Premises shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Chargor under the Lease and if any amounts are paid by the Chargee in respect of amounts owing under the Lease such amounts shall be a charge against the Charged Premises, shall bear interest at the Charge Rate and shall be secured by the Charge;

(f) in the event of any default in any payment of rent or other monies due under the Lease or in the performance or observance of any covenant, agreement, condition or proviso contained in the Lease, the Chargee shall, at its option but without incurring any liability to do so, be at liberty to pay such rent or to observe or perform such covenant, agreement, condition or proviso, as the case may be, and all money expended by the Chargee in so doing shall be payable forthwith by the Chargor to the Chargee, shall bear interest at the Charge Rate and shall be a charge on the Charged Premises secured by the Charge;

(g) the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to enforce any covenants of the tenant under the Lease and to exercise any options to renew the Lease in the Chargee's discretion.

17. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding and interest or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O., 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or the lands and premises intended to be charged by the Charge or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors or assigns, or as he or they shall direct and may do all such assurances, act, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with an adult person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address, and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for any loss occasioned thereby, and, in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the *Mortgages Act*, or had been given improperly, but any person prejudiced by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the Charged Premises, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee contained in the Charge or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, conveyances or leases, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also, in such event, at the request, cost and expense of the Chargor transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge that, notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

The Chargee may, but shall not be obliged to, pay the amount of any encumbrance, lien or charge now or after the date of the Charge which exists or may arise or be claimed upon the Charged Premises having priority over the Charge including any taxes, utility charges or other rates on the Charged Premises or any portion thereof, any construction lien or any amounts payable to the Condominium Corporation, and may pay all costs, charges and expenses including solicitor's charges that may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in connection with any proceedings or steps of any nature whatever property taken in connection with the Charge or to realize upon the security of the Charge or to defend the validity or priority of the Charge against a third party, or for election of any interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or judicial proceedings to enforce such payment has been taken or not, in the amount so paid and insurance premiums for fire and other perils and any other amounts paid by the Chargee shall be added to the amounts secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate and shall be payable forthwith by the Chargor upon demand. Non payment of any of the foregoing amounts shall constitute default under this Charge and entitle the Chargee to exercise the power of sale and other remedies given under the Charge. In the event the Chargee pays the amount of any encumbrance, lien or charge or other amount the Chargee shall be entitled to all rights and security of the party to whom such payment has been made.

In addition to other act or omission constituting default by the Chargor under the Charge, the Chargor shall be deemed to be in default under this Charge in the following additional circumstances:

(a) The Charged Premises are abandoned;

(b) The Chargor and any Covenantor executing the Charge shall become bankrupt, make an assignment for the general benefit of creditors or otherwise be judged insolvent; and

(c) The Chargee discovers that any statement or certification, representation or agreement made by the Chargor in connection with the Charge is materially false.

18. RIGHT TO DISTRAIN

It is further agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

19. FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

20. ACCELERATION OF PRINCIPAL ON DEFAULT

It is hereby further expressly declared and agreed, that if any default shall occur in the payment of the interest money secured by the Charge or any part thereof, or in payment of any instalment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the money secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises then at the option of the Chargee, the Outstanding Principal Amount secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time mentioned for payment of such principal amount had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

21. BONUS ON DEFAULT

On default of payment of any of the amounts secured by the Charge or payable under the Charge, the Chargee shall be entitled to require payment in addition to all other amounts secured by the Charge or payable under the Charge, of a bonus equal to three months' interest in advance at the Charge Rate upon the principal amount secured by the Charge at such time, and the Chargor shall not be entitled to require a discharge of the Charge without such payment or notice in lieu thereof as required by law.

22. QUIET POSSESSION UNTIL DEFAULT

It is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

23. BUILDINGS AND IMPROVEMENTS

If any of the Principal Amount be advanced under the Charge is to be used to finance any building or improvement on the Charged Premises, the Chargor must so inform the Chargee in writing forthwith and before any advances are made under the Charge. The Chargor is further obliged to provide the Chargee with copies of all contracts and subcontracts relating to the improvement including any amendments thereto. The Chargor agrees that any improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chargor shall expeditiously complete all improvements and provide the Chargee with proof of payment of all contracts as the Chargee may from time to time require. The Chargee shall make advances in such manner at such times and in such amounts up to the Principal Amount as the Chargee in its sole discretion may determine but the Chargee shall not be bound to advance the full Principal Amount or any unadvanced portion notwithstanding the execution or registration of the Charge. The Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chargor has complied with the holdback provisions of the *Construction Lien Act* as amended or replaced from time to time.

24. CONSTRUCTION LIENS

If a construction lien is registered against the Charged Premises or if any buildings and improvements being erected thereon shall remain incomplete or work on the buildings or improvements shall cease for a period of ten (10) days or more, the Principal Amount then outstanding and interest in all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. The Chargee shall have the right, but not the obligation, to pay such amounts as may be required to remove any construction lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all costs, charges, and expenses incurred by the Chargee in connection therewith, including all solicitor's charges, shall be added to the Principal Amount secured by the Charge and shall bear interest at the Charge Rate and shall constitute a Charge upon the Charged Premises prior to all claims and shall be payable forthwith on demand.

25. FIXTURES

All buildings, structures and improvements, whether existing before or after the date of the Charge, together with all apparatus and equipment appurtenant thereto whether or not attached to the lands otherwise then by their own weight are and shall be fixtures shall form part of the Charged Premises and part of the security secured by the Charge.

26. PARTIAL RELEASE

Provided that the Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the amounts secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said amounts or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any amounts except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being specifically agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the amounts secured by the Charge.

27. DEFAULT IN PRIOR CHARGES

It is agreed by and between the Chargor and Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or encumbrance to which the Charge is subject or subordinate, then and in that event the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers conferred by the Charge shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided.

28. PROPERTY OBLIGATIONS

The Chargor covenants and agrees that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the land, buildings and improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee and will not permit or suffer them to become or remain vacant and the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the amount secured by the Charge and shall bear interest at the Charge Rate and shall be a charge upon the charged Premises and be payable forthwith on demand. If the Chargor defaults upon any of the covenants contained in this paragraph, then all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable and default of payment of same with interest as in the case of payment before maturity, powers of entering upon and leasing or selling are hereby given and all other remedies herein contained may be exercised forthwith.

29. INSPECTION

The Chargee, by its agents or employees, and Canada Mortgage and Housing Corporation and its agents if the Charge is governed by the NHA, may, at any time, enter upon the Charged Premises to make inspection thereof which right shall include the right to test and sample materials on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, the reasonable cost of such inspection to be added to the Principal Amount and secured by the Charge, shall bear interest at the Charge Rate and shall be a charge on the Charged Premises and be payable forthwith on demand.

30. NON-MERGER

Provided and it is agreed that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant nor affect the Chargee's right to interest at the rate and times provided in the Charge; and further that said judgment shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as provided in the Charge until the said judgment shall have been full paid and satisfied.

31. RIGHTS ON DEFAULT

The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other amounts payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement in the Charge after all or any part of the amounts secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purpose shall be forthwith payable to the Chargee, and shall be a charge upon the Charged Premises and shall bear interest at the Charge Rate until paid.

32. SURVIVAL OF OBLIGATIONS AFTER SALE

No sale or other dealing with the Charged Premises or any part thereof shall in any way alter or reduce the liability of the Chargor or the rights of the Chargee as against the Chargor or any other person liable for payment of the amounts secured by the Charge.

33. ACCELERATION ON SALE

In the event of a sale, transfer or the entering into any agreement of sale or transfer of title to the Charged Premises then, at the option of the Chargee, all amounts secured by the Charge together with accrued interest thereon shall forthwith become due and payable.

34. PORTABILITY OPTION

If the Charge is a Fixed Rate Mortgage or a *Northern Carefree Mortgage*, and if the Chargor is not in default under the Charge, the following portability provisions apply:

(a) If, within 90 days following completion of the sale or transfer of the title to the Charged Premises, the Chargor completes the purchase of a residential property ("New property"), the Chargee will, on written application by the Chargor, but subject to paragraph (vi) below, provide financing for the purchase of the New Property on the security of a charge to be registered against title to the New Property ("New Charge"), in the following manner:

(i) if the amount to be advanced under the New Charge ("New Charge Amount") is the same as the portion of the Principal Amount then outstanding under the Charge, the interest rate applicable to the New Charge Amount for the period of time remaining in the term of the Charge will be the Charge Rate;

(ii) if the New Charge Amount is less than the portion of the Principal Amount then outstanding under the Charge, the Charge Rate will apply to the New Charge Amount for the period of time remaining in the term of the Charge, and the Chargor must pay to the Chargee upon the date of the completion of the sale or transfer of the Charged Premises, the amount by which the portion of the Principal Amount then outstanding under the Charge exceeds the New Charge Amount and any such prepayment will be subject to the prepayment provisions applicable under the Charge;

(iii) if the New Charge Amount exceeds the portion of the Principal Amount then outstanding under the Charge, the New Charge will secure the aggregate of the portion of the Principal Amount then outstanding under the Charge and the additional principal amount advanced under the New Charge at a rate of interest that blends the Charge Rate and the rate the Chargee offers at that time for mortgages with terms similar to the time remaining in the term of the Charge. The term of the New Charge will be for a period equivalent to the time remaining in the term of the Charge. If the Charge is a *Northern Carefree Mortgage*, the additional principal amount must be secured by a new second-ranking mortgage registered on title to the New Property for a term equivalent to the time remaining in the term of the Charge;

(iv) on the date of completion of the sale or transfer of the Charged Premises, any prepayment of the Charge from the proceeds of sale will be subject to the prepayment provisions applicable under the Charge. However, provided the New Charge is advanced within a 90 day period following prepayment of the Charge, the Chargee will, subject to paragraph (ii) above, refund to the Chargor the amount, if any, of bonus interest paid in respect of such prepayment.

(v) the term of the New Charge will commence on the date that it is advanced and will terminate on the same date as the Charge would have otherwise terminated; and

(vi) the Chargee's mortgage approval criteria, policies, procedures and documentation in effect at the time the Chargor makes his/hers/its application for the New Charge will apply to the application and the New Charge and the Chargor will be responsible for paying all applicable processing or administration fees, all legal and property valuation fees and all other expenses incurred by the Chargee in connection with the New Charge.

35. RENTING PROHIBITED

Except with the prior written consent of the Chargee the Chargor covenants and agrees that no part of the Charged Premises are rented or occupied by a Tenant and further covenants and agrees not to cause or permit the Charged Premises to be rented to or occupied by a Tenant. The Chargor further acknowledges that the Chargee has the right at all times to refuse permission to rent all or part of the Charged Premises at the Chargee's sole discretion. If restricted or conditional consent to rent is granted by the Chargee the Chargor covenants and agrees to abide by such restrictions or conditions. In the event that any of the foregoing covenants are breached, at the option of the Chargee, all monies secured by the Charge with accrued interest thereon shall forthwith become due and payable.

36. COVENANTOR OR GUARANTOR

If a party is named as a covenantor or guarantor in a Form 2 Charge or a schedule thereto (the "Covenantor"), the Chargor and the Covenantor acknowledge that it is a condition of the making of advances under the Charge that the covenant contained in this section 36 be entered into by the Covenantor. The Covenantor further acknowledges that the consideration for the guarantee contained in this section 36 is the making of advances under the Charge.

The Covenantor on behalf of himself, his executors, administrators, successors and assigns, in consideration of the advance in whole or in part of the Principal Amount does hereby covenant, promise and agree as principal debtor and not as surety to and with the Chargee that the Covenantor will well and truly pay, or cause to be paid unto the Chargee the Principal Amount and all other amounts secured by the Charge, together with interest upon the same, at the days and times, and in the manner agreed to in the Charge or any amendments, renewals, variations or extensions thereof and shall and will in everything, well and truly do, observe, fulfil and keep any and all covenants, provisos, conditions, agreements and stipulations in the Charge according to the true intent and meaning thereof, and shall and will abide by and submit to and do hereby agree to all conditions, provisos and stipulations in the Charge on the part of the Chargor and these covenants shall be binding notwithstanding the giving of time for payment of the Charge or the varying of terms of payment thereof or the rate of interest thereon or the renewal of the Charge or the sale, conveyance or transfer or similar disposition of the Charged Premises, whether with the consent of the Chargee, or otherwise, and if there are more than one Covenantor this covenant shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Covenantor.

Each Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of any guarantor, the Chargee may:

(a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under the Charge;

(b) grant any renewals or extensions of the Charge, with or without a change in the rate of interest or in any other terms or conditions of the Charge and whether by express agreement signed by the Chargor or otherwise (including without limitation by way of an automatic renewal or extension);

(c) change the rate or rates of interest provided in the Charge, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable or floating rate or from a variable or floating rate to a fixed rate, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the mortgage or charge constituted by the Charge the whole or any part of the Charged Premises;

(g) advance Additional Principal Amounts to the Chargor pursuant to any provisions of the Charge that permits the Chargor to borrow such Additional Principal Amounts from the Chargee;

(h) accept compositions, compromises or proposals from the Chargor or otherwise deal with the Chargor or any other person, any security (including without limitation for the Charge) or the Charged Premises or any security as the Chargee sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Charge;

(i) release or discharge any Covenantor or one or more other co-covenantors or guarantors or Chargors in respect of the Charge; or

(j) release any subsequent legal or beneficial owner of the Charged Premises from any liability for the obligations under the Charge or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Covenantor hereunder, regardless of whether any such action has the effect of amending or varying this Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the obligations thereunder. The liability of each Covenantor hereunder shall extend to and include the obligations of the Chargor under the Charge, as so amended, renewed, extended or varied and the Charge as so increased, expanded or altered without further action on the part of the Chargee or the consent or concurrence of any Covenantor, and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Charge is increased or otherwise altered, and the liability of each Covenantor hereunder shall be extended to and include the obligation of the Chargor to pay interest at such increased or altered rate.

37. EXTENSIONS

No extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

38. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge within which to prepare, execute and deliver in the case of a Form 2 Charge or prepare and deliver for registration in the case of an ERS Charge, as the case may be, a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee. All legal and other expenses for the preparation, execution and registration, as applicable, of such discharge or assignment and any administrative fee or charge of the Chargee in connection therewith shall be borne by the Chargor.

39. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon the Charge or any other such security.

40. INSURANCE RE: DEATH OR DISABILITY

Notwithstanding that the Charge is not otherwise in default or due and payable as a result of death of the Chargor or total disability of the Chargor, the Chargee shall in addition to any other remedies, have the right to apply to the Outstanding Principal Amount the proceeds received by the Chargee under a policy of group insurance upon the life of the Chargor or in consequence of the Chargor's disability.

41. ASSIGNMENT OF RENTS

Without waiving or restricting the terms of paragraph 35, the Chargor hereby assigns to the Chargee all rents or other sums now or hereafter due from any tenant, lessee or occupant of the Charged Premises and the Chargor during the term of the Charge hereby irrevocably appoints the Chargee, his attorney to act and authorized agent to take possession of and to collect all rents and profits arising from the Charged Premises to apply such rents and profits at the sole option of the Chargee to the payment of the outstanding amounts payable under the Charge.

42. SPOUSE'S CONSENT

The spouse of the Chargor named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge, and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

43. FAMILY LAW ACT

The Chargor covenants and agrees to advise the Chargee immediately upon any of the following occurring:

(a) a change of spousal status of the Chargor;

(b) qualification of the land as a family residence as defined in the *Family Law Act*;

(c) a change of legal title or beneficial ownership of the Charged Premises,

and the Chargor further covenants to provide the Chargee with particulars as may be required in the Chargee's sole discretion to be informed of those persons who may have the right of possession to the Charged Premises under the *Family Law Act*.

44. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

45. CONDOMINIUMS

If the Charge is of a unit within a plan of condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the *Condominium Act* and by the Declaration, the by-laws and the rules, as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required by the Chargor as the owner of the Charged Premises and in the event of the Chargor's default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) The Chargor by the Charge hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

- (i) The Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice
the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a Chargee in possession.

46. RENEWAL OR EXTENSION

Provided that the Charge may be renewed or extended by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequently in the Charge. Provided that nothing contained in this paragraph shall confer any right or renewal or extension upon the Chargor. The Chargor and the Covenantor, if applicable, agree that in the event that the renewal agreement provided to the Chargor is not signed and returned to the Chargee on or before the maturity date, the Charge, at the Chargee's option, will be automatically renewed on the terms set out in the renewal agreement.

47. COMPLIANCE WITH THE LAW

The Chargor covenants and agrees at all times to promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor will from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance, and will at the Chargor's own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and will take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

48. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other document required in connection therewith, and of any amendment, extension, variation or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any amount payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing and anything done in connection with defending the validity or priority of the Charge as against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises.

49. CHARGOR MUST BE A MEMBER OF NORTHERN CREDIT UNION

The Chargor covenants to establish and maintain membership in the Northern Credit Union during the term of the Charge and at all times maintain the minimum share required as stated in the by-laws of Northern Credit Union Limited.

No funds shall be advanced under the Charge until the Chargor has complied with the foregoing provision.

50. CHARGOR CEASING TO BE A MEMBER

Provided that in the event the Chargor at any time ceases to be a member in good standing of the Northern Credit Union Limited, then at the option of the Chargee, the Principal Amount and accrued interest thereon shall forthwith become due and payable upon demand by the Chargee and in default of payment by the Chargor, the Chargee may exercise all remedies under this Charge including taking possession of the Charged Premises.

51. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of the Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor contained in the Charge or implied are and are to be construed as both joint and several.

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

52. EFFECT OF DELIVERY OF ERS CHARGE

The delivery of an ERS Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the ERS Charge was in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor, and any Covenantor or Guarantor authorizes the Chargee, its solicitors or agents, to deliver the ERS Charge for registration.

Dated the 12th day of August, 2005.

Hugh N. MacDonald
Solicitor for Northern Credit Union Limited

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200525 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200526 Cote
Filing Date 16th Sept. 2005 Date de Dépôt
Page 1 of/de 13 Pages
Tol Dall
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – Merix Financial Inc.

STANDARD CHARGE TERMS

These STANDARD CHARGE TERMS shall be deemed to be included in every Charge/Mortgage which refers to them by their filing number, as provided in section 9 of the above Act.

MERIX FINANCIAL INC.
[LOGO]

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200526 ..... Cote

STANDARD CHARGE TERMS
STANDARD MORTGAGE TERMS

1. DEFINITIONS

In this set of standard charge terms, **mortgage** means the Charge/Mortgage in form prescribed by statute or regulation that you sign or that you authorize in electronic format in which this set is referred to by its filing number, any schedules attached to it and this set of standard charge terms/standard mortgage terms. **Registered mortgage** means such document as registered in the applicable land registry or land titles office. **You** and **your** mean each person who signs the mortgage as **chargor or mortgagor**. **We, our** and **us** mean Computershare Trust Company or other person named as **chargee or mortgagee** in the registered mortgage. **Your property** means the land described in the registered mortgage, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements. **Principal amount** means the amount specified in the registered mortgage. **Loan amount** means the outstanding balance of all amounts (including interest and costs, if any) owing to us from time to time under the mortgage, as amended from time to time. Any reference to signing any document includes an electronic signature.

Any reference in this set of terms to information in the registered mortgage refers to a box or to an applicable part of the registered mortgage (including anything set out in a schedule or addenda thereto which deals with the subject matter of that box or part) and any reference to signing the mortgage means signing the registered document or a schedule to it or the authorization for electronic signing and registration of the mortgage. References to paragraphs refer to paragraphs of this set of standard charge terms.

If this mortgage is a CMHC-insured mortgage, it is made pursuant to the **National Housing Act.**

2. WHAT THE MORTGAGE DOES

In return for our making a loan to you in the principal amount (which, by signing the mortgage, you acknowledge having received from us), you:

i. If you are the owner of your property, charge your property to us and our successors and assigns (called our **legal representatives**);
   or
ii. If you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease (except the last day of the term);

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

Termination of the mortgage:

Our interest in the property terminates when you have:

- Repaid the loan amount (including interest) as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Fixed Interest Rate (applicable to Fixed Interest Rate Mortgages only)

The interest rate payable by you on the loan amount is specified in the registered mortgage. Interest is payable at the frequency set out in the registered mortgage and calculated half-yearly not in advance. The first half-yearly calculation of interest after the interest adjustment date specified in the registered mortgage shall be for the six month period commencing on that date. That calculation shall be made six months after the interest adjustment date and half-yearly calculations of interest shall continue to be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date as well as both before and after default and judgment, until the loan amount has been paid in full.

B. Adjustable Interest Rate (applicable to Adjustable Rate Mortgages only)

The interest rate payable by you on the loan amount is specified in the registered mortgage and is an adjustable rate per annum equal to the Prime Rate plus or minus the amount stated in the mortgage. The interest rate will change automatically each time there is a change in the Prime Rate. The principal and interest payment will be recalculated every time the Prime Rate changes, based on the new interest rate and remaining amortization. Within a reasonable time after a change in the interest rate, we may mail to you, at your last known mailing address according to our records, a notice of the changed interest rate, its effective date, and the applicable change to the payment amount. The interest rate and payment amount will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

The interest rate on the mortgage is calculated monthly not in advance and payable at the frequency set out in the registered mortgage.

For the purposes of this paragraph 3, the term "Prime Rate" means on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its"prime rate of interest".

C. Compound Interest

If on any regular mortgage payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called compound

Interest. Compound interest shall be paid on your loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

D. Progress Advance Construction Mortgage

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement via progress advances, the accrued interest on progress advances is calculated daily and payable monthly during the construction period, until the interest adjustment date specified in the registered mortgage. The interest rate charged during the construction period is specified in the additional provisions section of the registered mortgage. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. No additional progress advances will be made until any outstanding overdue interest is paid. Interest that has accrued but not yet been paid as of the interest adjustment date, will be deducted from the last substantial advance. Refer to section 19 for more information regarding Progress Advance Construction Mortgages.

4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Method of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular mortgage payments and all other payments will be withdrawn from the Bank account provided to us by you.

B. When you will make payments

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular mortgage payments. If the interest rate is a fixed rate, you will make your regular mortgage payments to us in equal installments in the amount specified in the registered mortgage. If the interest rate in the mortgage is an adjustable interest rate, you will make regular mortgage payments to us in the amount specified in the registered mortgage until the interest rate is adjusted and thereafter in the payment amount as varied from time to time as provided in paragraph 3B. Regular mortgage payments begin on the date specified, continue at the frequency specified and end on the date specified in the registered mortgage. Each date that you are required to make a regular mortgage payment is called a **Regular Mortgage Payment Date**. Each regular mortgage payment consists of a portion of the principal amount together with the interest due and payable on the regular mortgage payment date. You will pay the balance of the principal amount, together with all interest due and payable on it, on the balance due date specified in the registered mortgage.

C. Application of Mortgage Payments

Each regular mortgage payment will be used: **first**, to pay interest due and payable and **next**, to reduce the principal amount. However, if you are in default, we may apply your payment or any other money we receive from you, as we choose.

5. PAYING OFF A MORTGAGE BEFORE THE MATURITY DATE

You may pay off some, or the entire mortgage early in the ways described below, provided you are not in default in payment or otherwise under the mortgage.
If we later agree to change or extend the terms of the mortgage, these prepayment provisions will not apply to the new or extended term.
For these prepayment privileges, a year means the 12 month period starting on the interest adjustment date and on each anniversary of the interest adjustment.

A. Partial Prepayment

You may increase your payments, or pay off some of your mortgage early in the ways listed in the chart below. These options apply to partial prepayments only. The options are available each year of the term of the mortgage and cannot be saved to use in a later year.

PARTIAL PREPAYMENT OPTIONS

Options	**Restrictions**
1) Prepay up to 20% of the Principal Amount.	At any time. The minimum prepayable amount is $1000 and cannot exceed the yearly maximum.
2) Increase the regular payment up to 20% of the principal and interest payment amount set out in the registered mortgage.	Once each year of the term of your mortgage.

B. Prepayment in Full

You may prepay the mortgage in full only upon the closing of a sale of your property to a bona fide arms length purchaser and

(i) *Fixed Interest Rate Mortgages*

If you have a fixed interest rate on your mortgage, payment of a prepayment charge equal to the GREATER of the interest rate differential (IRD) or 3 months interest calculated on the outstanding loan amount. The IRD is based on the difference between the interest rate on the mortgage and the then current interest rate for a mortgage then offered by us for a term closest to the term remaining on the mortgage as determined by us; or

(ii) *Adjustable Interest Rate Mortgages*

If you have an adjustable rate on your mortgage, payment of a prepayment charge equal to:

a) if the mortgage is for a 3-year term: 4 months interest if payment is made in year 1 or 2 of the term or 3 months interest if payment is made in year 3 of the term calculated on the amount at the then current interest rate.

b) if the mortgage is for a 5-year term: 4 months interest if payment is made in year 1, 2 or 3 on the outstanding loan amount at the then interest rate or 3 months interest on the outstanding loan amount if payment is made in year 4 or 5 of the term.

If the mortgage is for a term of 6 years or more, you may prepay in full during the first five years of the term only upon the closing of a sale of your property to a bona fide armslength purchaser and payment of the prepayment charge calculated as set out in the applicable part of B(i) or (ii) above and in year 6 or more of the term, you may prepay in full at any time upon payment of a prepayment charge of 3 months interest on the outstanding loan amount.

C. Portable Mortgage

As long as we agree in writing, you may transfer your existing loan amount to a new home or you may combine your existing loan amount with additional funds and, depending on the remaining term of the existing mortgage, obtain an extended term. The interest rate on the replacement mortgage will be a blend of the rate you were paying on the funds transferred from your existing mortgage and the rate applicable to the term of the replacement mortgage and/or additional amount, as determined by us.

D. Match a Payment and Miss a Payment Option

You may match any regular payment on a regular mortgage payment date as long as the mortgage is not in default. Match a Payment means you have prepaid an amount equal to your regular mortgage payment and is subject to the yearly maximum partial prepayment amount. You may miss any regular payment as long as you have already matched a payment earlier in the term and your mortgage is not in default. Previous matched payments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

E. Convertibility

Provided you are not in default under the Mortgage, you may convert without payment of any prepayment charge as follows:

(a) If the mortgage is a six-month closed mortgage you may request us to extend the term and fix the interest rate for the mortgage for a term which is 1-year or greater at our interest rate then in effect for mortgages for the term which you select; or

(b) If the mortgage is an Adjustable Rate Mortgage you may request us to fix the interest rate for the mortgage for a term at our interest rate then in effect for mortgages for a term which ends after the balance due date of the mortgage.

In each case you must give us your request to convert at least ten days before the next regular payment date and must sign our conversion extension agreement. The amortization period of the mortgage may not be changed on a conversion.

F. Cash Back

If you received a cash back amount or other incentive from us on the making of the mortgage or the renewal of the mortgage by way of a cash payment, an allowance, a gift certificate or voucher or a discount on the interest rate calculated over the term of the mortgage or term of the renewal, you must on a prepayment in full, an early renewal or a conversion of the mortgage pay back to us in addition to any prepayment charge, a proportionate part of such cash back amount. The proportionate part is calculated by division of your cash back amount by the number of months in the term times the number of months remaining in the term (including the month in which the prepayment, early renewal or conversion is made).

F. Continuing Liability

After each partial payment, you must continue to make your regular mortgage payments.

6. YOUR TITLE TO YOUR PROPERTY

A. As Owner of Your Property, you certify that:

- i. You are the lawful owner of your property;
- ii. You have the right to give us the mortgage;
- iii. There are no encumbrances on the title to your property; and
- iv. There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us and we have accepted in writing that you are a tenant of your property under a lease, in which case paragraph B applies.

B. If you Are a Tenant of Your Property

- i. You certify that:
  - a. The property is leased to you and your legal or personal representatives under a lease, a copy of which you have provided to us;
  - b. The lease is a binding and existing lease and all information you have provided to us concerning it is true;
  - c. All rents payable under the lease have been paid to the date you sign the mortgage;
  - d. You have permission or the right to assign and mortgage or charge the lease; and
  - e. Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.
- ii. You promise:
  - a. To pay the rent as it falls due;

b. To comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;
c. Not to surrender the lease;
d. Not to make any change in the lease without first obtaining our written consent;
e. To give us a true copy of any notice or request you receive concerning the lease; and
f. To notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.

iii. You hold the last day of the term of the lease for us and grant us the power to transfer or otherwise deal with such last day together with the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is charged to us you will sign any other documents or do anything further that we think is necessary.

7. RESTRICTIONS ON USE AND SALE OF YOUR PROPERTY

A. You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent. You may not use your property for any illegal purposes.

B. You will occupy the property as your and your family's principal residence and will only rent to others all or any part of your property in accordance with our prior written authorization. If we have authorized the rental of all or part of your property, you will do so for residential purposes only in a prudent businesslike manner at fair rents and in compliance with all applicable tenancy laws and regulations.

C. You will not sell or otherwise dispose of your property without our prior written approval.

D. You will not make another mortgage on your property and not use it as security for any other debt without our prior written approval.

8. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

9. TAXES

You will ensure property taxes are always paid on time to the respective municipality. At our option, we may decide to collect property taxes from you which we will then remit to the municipality. If we decide to collect property taxes from you, the following terms are applicable:

A. You will make **regular tax payments** to us on account of property taxes on each regular mortgage payment date. The amount of each regular tax payment will be based on our estimate of a year's taxes on your property next becoming due and payable and may change from time to time to reflect changes in the annual taxes on your property. The regular tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in installments, the regular payments should enable us to pay the full year's installments of property taxes on or before the date on which the first installment is due.

B. If, however, the annual due date or the first installment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal regular tax payments during that period and during the next 12 months. These equal tax payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the regular payment to cover this amount.

D. We will pay your taxes from the regular payment we receive from you as long as you are not in default under the mortgage. We are not obliged to make tax payments on the dates they are due or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created. Debit balances are charged interest at the interest rate under the mortgage.

E. We will not pay you interest on any credit balance in your tax account.

F. If you fail to pay us any amount when it is due, we may apply the money in your tax account towards payment of such amount.

G. We can deduct from the total final advance of the principal amount enough money to pay all taxes due on or before the interest adjustment date and which have not been paid on the date the final advance is made.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive.

STANDARD CHARGE TERMS
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10. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us for any amount so paid.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off. We are authorized to retain any discharge which may be given for six months or more, if we consider it advisable to do so.

11. TRANSFER OF LEASES AND RENTS

A. If you have leased or, at a later date, lease all or part of your property to another person or persons, then you transfer and assign to us:

- i. All leases, lease agreements and their renewals;
- ii. All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and
- iii. All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

- i. You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);
- ii. Nothing we do under this paragraph 11 shall put us in possession of your property;
- iii. However, if you default under the mortgage, we have the right to take possession of your property; and
- iv. We are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

12. INSURANCE

You will without delay insure, and keep insured, in our favour and until the mortgage is discharged, all buildings covered by the mortgage (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the buildings (the maximum amount for which the buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance.

If you do not:

- Maintain insurance on the buildings that, in our opinion, complies with this paragraph;
- Deliver a copy of any insurance policy or receipt to us at our request; or
- Provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option, be:

a) Applied to rebuild or repair the damaged buildings;
b) Paid to you;
c) Paid to any other person who owns or did own the property, as established by the registered title; or
d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 12 does not apply (and paragraph 22E does apply) if your property is a condominium unit.

13. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

- Do not keep your property in good condition; or
- Do or allow anything to be done that lowers the value of your property;

we can make any repairs or do any other thing we think are advisable. The costs of any inspections and any repairs or actions we make are immediately payable by you.

14. ENVIRONMENTAL PROVISIONS

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

15. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

a) You default in making any regular mortgage payment, or any other payment you are obliged to make to us under the mortgage.
b) You fail to comply with any of your other obligations under the mortgage.
c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, utilities, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.
d) Your property is abandoned.
e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 15 consecutive days.
f) Your property is used for any illegal purposes.
g) You sell or otherwise dispose of your property or mortgage your property to a person not approved in writing by us.

If the loan amount so declared due and payable is paid prior to the balance due date, you agree to compensate us by payment of a prepayment charge equal to three months interest at the interest rate of the mortgage. Where default continues to or is made after the balance due date, the outstanding amount may only be paid upon payment of three months interest on the loan amount or three months written notice in lieu thereof. You further agree that we may recover such prepayment charge from the proceeds of any sale of your property or other proceedings for enforcement of the mortgage.

16. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your other obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

- Use any available remedy (taken in your name or our name) to collect the income from your property;
- Take possession of your property or part of it; and
- Manage your property and maintain it in good condition.

From the income collected the receiver may:

a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.
b) Retain enough money to pay disbursements spent on collecting the income.
c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.
d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

17. ENFORCING OUR RIGHTS

A. Remedies on Default

If you default in making any regular monthly loan payment or any other payment that you are obliged to make to us or in performing any other obligation under the mortgage or you become bankrupt or you abandon or leave the property unoccupied, we may do any one or more of the following in any order:

i. Sue you — We may take such action as is necessary to obtain payment of all or any part of the loan amount.
ii. Foreclose — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.
iii. Court sale -- We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
iv. Power of sale — If default has continued for 15 days, we can on 35 days' notice to you:
    a. Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on whatever terms we can negotiate;
    b. Lease it on such terms and for whatever period we may decide upon.

    Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given.

    We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.
v. Possession -- We can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:
    - Inspect, lease, collect rents or manage your property;
    - Repair or put in order any building on your property;
    - Complete the construction of any building on your property.

We can also take whatever action is necessary to recover and keep possession of your property. If we take possession, we are not responsible for preserving your property and will account only for any money we actually receive from the property.

vi. Other action – we can take any other remedy available to us under applicable law.

B. You will not interfere — You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) or with the possession of any receiver we appoint nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

C. Our expenses — You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession or your property, an allowance for the time and services of our employees and of the company servicing the mortgage who are utilized in so doing, our legal fees and disbursements on a full indemnification basis and all other costs related to protecting our interest under the mortgage.

F Judgements — If we obtain a court judgement against you for your failure to comply with any of your obligations to us under the mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

18. DELAY IN ENFORCEMENT OF OUR RIGHTS
No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 21 shall affect our rights to:

a. Receive all payments you are obliged to make to us, when they are due and payable.
b. Demand that you repay the loan amount and all interest which is due and payable, on any default by you.
c. Have you comply with all of your obligations to us under the mortgage.
d. Have any other person comply with the obligations that person has to us under the mortgage.

19. PROGRESS ADVANCE CONSTRUCTION MORTGAGE TERMS
An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement via progress advances, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

20. RELEASING YOUR PROPERTY FROM THE MORTGAGE
We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

21. RENEWING OR OTHERWISE AMENDING THE MORTGAGE
We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.
You or any person liable in any manner for payment or performance of any other terms of the mortgage will not be released and will continue fully liable with or without notice, consent or agreement to any such renewal, extension or amendment.

22. CONDOMINIUM/STRATA LOT PROVISIONS

If your property is a condominium unit or strata lot, you are also to comply with the provisions in this paragraph 22 in addition to all of the other provisions of the mortgage (except paragraph 12). In this section, condominium also means strata, condominium unit or unit also means strata lot and condominium corporation also means strata corporation.

In this paragraph 22, the Condominium Act, the Strata Property Act or similar legislation governing condominium property in the province in which your property is located, each as amended or re-enacted, is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

A. You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to your property and provide us with proof of your compliance from time to time as we may request.

B. You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.

C. You will forward to us any notices, assessments, by–laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

D. You will maintain all improvements made to your unit and repair them after damage.

E. Insurance — In addition to the insurance which the corporation must obtain, you must:

i. Insure all improvements which you or previous owners have made to your unit;
ii. Obtain insurance for those additional risks that we require;
iii. Insure your common or other interest in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings or assets as required or if we require you to do so;
iv. Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation.
v. Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen days before the insurance expires or is terminated.
vi. Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

- Your property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies and against any other perils we require for its full replacement cost (the maximum amount for which it can be insured) in Canadian dollars;
- The insurance company and the terms of the policy must be satisfactory to us.

If you fail to insure your property as required in this paragraph 22, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

To the extent permitted by law, insurance proceeds may, in whole or in part, at our option be:

a. Applied to rebuild or repair the damage to your property;
b. Paid to you;
c. Paid to any other person who owns or did own the property, as established by the registered title; or
d. Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

F. You must pay certain other expenses — In addition to our other rights and remedies contained in the mortgage, you will pay us immediately all our expenses in relation to:

- Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required);
- The enforcement of our right to have the corporation or any owner comply with the Act, declaration, bylaws and rules; and
- Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine.

G. Voting and other rights — You authorize us to exercise your rights under the Act to vote, consent and dissent. You also authorize us to exercise your rights to:

- Demand the corporation purchase your unit and common interest, where provided under the Act;
- Elect to have the value of your unit and common interest or that of the condominium property determined by arbitration;

- Receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

Nothing done under this paragraph 22 puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

H. Our additional rights under the mortgage — You authorize us to do the following:

i. Inspect your property at any reasonable time.
ii. Do any needed maintenance or repairs after damage.
iii. Inspect the corporation's records
iv. Remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation.

I. Repayment of the loan amount may be accelerated — The loan amount will become payable immediately, at our option, if:

i. The corporation fails to comply with the Act and the declaration, by laws and rules of the corporation;
ii. The corporation fails to:
  - insure all the condominium units and common elements according to law and according to any additional requirements of ours;
  - insure its assets if we so require and according to our requirements;
  - provide us with proof that the insurance is in force, if we ask for it; or
  - do all that is necessary to collect insurance proceeds;
iii. The corporation does not, in our opinion, manage the condominium property and assets in a careful way;
iv. The corporation fails to keep the corporation's assets in good repair and working order;
v. The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;
vi. There has been substantial damage and the owners have voted for termination of the condominium;
vii. A sale of the condominium property or any part of the common elements is authorized.
viii. A court makes an order that the government of the condominium property by the Act be terminated; or
ix. The condominium property ceases to be governed by the Act.

Our rights will not be affected by the fact that we voted for or consented to such termination, sale or order or to the condominium property not being governed by the Act.

J. Termination of the corporation — If your property ceases to be governed by the Act:

- All the terms of the mortgage continue to apply;
- You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition;
- Your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this; and
- Any money received by us (after payment of all our expenses) may be applied to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you.

23. DISCHARGE

When our interest in your property comes to an end, we will provide, at our sole discretion, either a full discharge of our claim (which is called a Discharge of Charge/Mortgage) or a written confirmation that our claim has been discharged (which is called a Notification of Discharge). You will give us a reasonable time in which to prepare such documents and you will pay our usual administrative fee for preparing, reviewing, signing or registering the discharge document and all legal and other expenses we incur in so doing. In the event we provide you with a Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage we will prepare an assignment to the mortgage for you. You will give us a reasonable time in which to prepare and sign the assignment and you will pay our usual administrative fee for preparing, reviewing and signing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the documentation and for all costs relating to such registration. However, we will not assign the mortgage on your direction and will only deliver a discharge of the mortgage where we are or have been in possession of the property upon default under the mortgage.

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24. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

25. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

26. STATUTORY COVENANTS EXCLUDED

The covenants implied or incorporated into a mortgage by statute in the province where your property is located are, to the extent permitted by statute, excluded or overridden by the terms of this mortgage.

27. GUARANTEE

In this paragraph 27, **guarantor** means each person who signs the mortgage as guarantor. **Chargor** means the person or persons who sign the mortgage as chargor and **property** means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

28. FEES AND EXPENSES

A. Servicing Fees.

You agree to pay to us servicing fees to cover our reasonable time and costs for administration of the mortgage including without limitation, a fee or allowance for

(a) administering the account for the collection and payment of taxes, an annual fee;

(b) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled,

(c) preparing each information, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person,

(d) processing each application to obtain our consent to assume the mortgage or our approval or consent for any other matter required by the mortgage whether or not approval or consent is provided or the matter is completed,

(e) processing each extension, renewal, payment frequency change, restructuring or other amendment of the mortgage, whether or not completed,

(f) investigating status of any insurance, administering insurance cancellations and paying insurance premiums and dealing with insurance claims,

(g) providing a copy or duplicate of documents from our file or an amortization schedule, a payment history, tax account history, audit verification and other services of a clerical nature including retrieval, copying, transmission and other charges,

(h) investigating status of realty tax payments and administering tax payments,

(i) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches,

(j) registering electronically or otherwise or executing and delivering any discharge of this mortgage (notwithstanding that the discharge may have been prepared by you or other person on your behalf),

(k) generally, any matter connected with the proper administration of the mortgage and property including inquiring into compliance, dealing with or enforcing any obligation contained in the mortgage and including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, managing or selling the property.

Our servicing fees shall be the amounts established, disclosed and generally applied by us from time to time and may be ascertained upon inquiry to us.

B. Costs.

You agree to pay us all amounts we expend and costs we incur in any manner in connection with this mortgage including, without limitation, expenses in relation to:

(a) collecting payments under and enforcing and realizing the security of this mortgage;

(b) defending or otherwise dealing with any action or proceeding in which we by reason of the mortgage may be a party or otherwise interested including without limitation any construction lien or similar matter, any seizure or prosecution by police or other authority, any foreclosure, sale, redemption, assessment or other action or proceeding by any other encumbrancer or any certificate of pending litigation or other title matter;

(c) performing or complying with any of your obligations under this mortgage including, without restriction, those relating to insurance, condominium, repair and construction, leases, taxes, prior encumbrances and environmental matters.

All legal costs incurred by us in dealing with compliance with any term and in enforcement of the mortgage shall be paid by you in full (including legal fees for any court proceeding on a substantial indemnity basis).

C. Interest and Security for Fees and Costs.

All the above described fees and costs, allowances and expenses shall be secured by this mortgage, shall bear interest at the interest rate of the mortgage from the date incurred or calculated by us and shall be payable by you forthwith on demand.

29. SECURITIZATION

We may, at our option, sell, assign or encumber your mortgage to one or more third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent. If we do so, you agree that your mortgage shall continue to secure all amounts owing under your mortgage. Once sold or assigned, your mortgage may be repurchased by us, whether or not it is in default. You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

30. U.S.A. RESIDENTS

If you are or become a resident of the United States of America for tax purposes and we are subject to a tax payable to the government of the U.S.A. on the interest we receive through your payments, the interest rate on the loan amount will be increased by multiplying by a factor of 1.1111 to offset our obligations in that regard. This factor may change any time if the government of the U.S.A. makes a change in the amount of tax to be paid.

31. EQUIVALENT INTEREST RATES

If the Interest Rate specified in your Mortgage is Adjustable (section 3(B)), then the compounding frequency is monthly, not in advance. You may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below:

Rate Coumpounded Monthly	Rate Compounded Semi-Annually	Rate Coumpounded Monthly	Rate Compounded Semi-Annually	Rate Coumpounded Monthly	Rate Compounded Semi-Annually
1.000	1.00250	6.000	6.09000	11.000	11.30250
1.125	1.12816	6.125	6.21879	11.125	11.43441
1.250	1.25391	6.250	6.34766	11.250	11.56641
1.375	1.37973	6.375	6.47660	11.375	11.69848
1.500	1.50563	6.500	6.60562	11.500	11.83063
1.625	1.63160	6.625	6.73473	11.625	11.96285
1.750	1.75766	6.750	6.86391	11.750	12.09516
1.875	1.88379	6.875	6.99316	11.875	12.22754
2.000	2.01000	7.000	7.12250	12.000	12.36000
2.125	2.13629	7.125	7.25191	12.125	12.49254
2.250	2.26266	7.250	7.38141	12.250	12.62516
2.375	2.38910	7.375	7.51098	12.375	12.75785
2.500	2.51563	7.500	7.64063	12.500	12.89063
2.625	2.64223	7.625	7.77035	12.625	13.02348
2.750	2.76891	7.750	7.90016	12.750	13.15641
2.875	2.89566	7.875	8.03004	12.875	13.28941
3.000	3.02250	8.000	8.16000	13.000	13.42250
3.125	3.14941	8.125	8.29004	13.125	13.55566
3.250	3.27641	8.250	8.42016	13.250	13.68891
3.375	3.40348	8.375	8.55035	13.375	13.82223
3.500	3.53063	8.500	8.68063	13.500	13.95563
3.625	3.65785	8.625	8.81098	13.625	14.08910
3.750	3.78516	8.750	8.94141	13.750	14.22266
3.875	3.91254	8.875	9.07191	13.875	14.35629
4.000	4.04000	9.000	9.20250	14.000	14.49000
4.125	4.16754	9.125	9.33316	14.125	14.62379
4.250	4.29516	9.250	9.46391	14.250	14.75766
4.375	4.42285	9.375	9.59473	14.375	14.89160
4.500	4.55062	9.500	9.72563	14.500	15.02563
4.625	4.67848	9.625	9.85660	14.625	15.15973
4.750	4.80641	9.750	9.98766	14.750	15.29391
4.875	4.93441	9.875	10.11879	14.875	15.42816
5.000	5.06250	10.000	10.25000	15.000	15.56250
5.125	5.19066	10.125	10.38129	15.125	15.69691
5.250	5.31891	10.250	10.51266	15.250	15.83141
5.375	5.44723	10.375	10.64410	15.375	15.96598
5.500	5.57563	10.500	10.77563	15.500	16.10063
5.625	5.70410	10.625	10.90723	15.625	16.23535
5.750	5.83266	10.750	11.03891	15.750	16.37016
5.875	5.96129	10.875	11.17066	15.875	16.50504

DATED the 16th day of August, 2005.

MERIX FINANCIAL INC.
by its solicitors
Gowling Lafleur Henderson LLP
Per:

Harry R. VanderLugt

FILED: , 2005

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200526 Cote

Land Registration Reform Act

Filing No.

filed by – Merix Financial Inc.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200527 Cote
Filing Date 16th Sept. 2005 Date de Dépôt
Page 1 of/de 10 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

STANDARD CHARGE TERMS

These STANDARD CHARGE TERMS shall be deemed to be included in every Charge/Mortgage which refers to them by their filing number, as provided in section 9 of the above Act.

MERIX FINANCIAL INC.
[LOGO]

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200527 Cote

STANDARD CHARGE TERMS
STANDARD MORTGAGE TERMS
Retail Collateral Mortgage

1. DEFINITIONS

Mortgage means the Charge/Mortgage in form prescribed by statute or regulation that you sign or that you authorize in electronic format in which these standard charge terms/standard mortgage terms are referred to by their filing number, any schedules attached to it and this set of standard charge terms/standard mortgage terms. **Registered mortgage** means such document as registered in the applicable land registry or land titles office. **You** and **your** mean each person who signs the mortgage as **chargor or mortgagor**. **We, our** and **us** mean Computershare Trust Company or other person named as **chargee or mortgagee** in the registered mortgage; **property** means the land described in the registered mortgage; **Obligations Secured** means all debts and liabilities described under the heading **Obligations Secured**. **Agreements** means all of the contracts, agreements, promissory notes, bills, notices or other documents which govern or relate to the Obligations Secured and all renewals, replacements and substitutions of them.

Any reference in this set of terms to information in the registered mortgage refers to a box in or to an applicable part of the registered mortgage (including anything set out in a schedule or addenda thereto which deals with the subject matter of that box or part) and any reference to signing the mortgage means signing the registered document or a schedule to it or the authorization for electronic signing and registration of the mortgage. References to paragraphs refer to paragraphs of these standard charge terms/standard mortgage terms.

2. DESCRIPTION OF PROPERTY COVERED

Any buildings now or later on the property and any other property that is at any time attached or fixed to the land, including additions, alterations and improvements to the buildings are covered by this Mortgage.

3. OBLIGATIONS SECURED

The debts and liabilities secured by this Mortgage are all debts and liabilities, present or future, absolute or contingent, matured or not, at any time owing by you to us or remaining unpaid by you to us, either arising from dealings between you and us or from any other dealings or proceedings by which we may be or become in any manner whatever your creditor, and wherever incurred and whether incurred by you alone or with another or others and whether as principal or surety.

You agree to pay in accordance with the Agreements and this Mortgage all amounts including but not limited to all costs and other amounts due to us under this Mortgage or under any of the Agreements, and all interest, including compound interest, accruing on the Obligations Secured from time to time. These amounts are secured by this Mortgage and form part of the Obligations Secured.

4. WHAT THE MORTGAGE DOES

By signing this Mortgage, you charge your entire interest in the property to us, and to anyone to whom the Mortgage is transferred in any way, as security for the payment to us, on demand, of the Obligations Secured up to the principal amount in the registered mortgage. The preceding sentence does not include the final day of any lease. The Mortgage secures a current or running account. The Mortgage is not satisfied or discharged by any intermediate payment of all or part of the Obligations Secured but remains a continuing security for payment of the Obligations Secured, notwithstanding any change in the amount, nature or form of the Obligations Secured or any renewal, extension, amendment or replacement of the Agreements.

Our charge upon your interest in the property subject to the Mortgage will end when:

i. You have repaid the Obligations Secured including all amounts to which we may become entitled under the Mortgage, and
ii. You have done everything else you have promised to do in the Agreements and the Mortgage, and
iii. We have signed and delivered to you a Discharge of the Mortgage.

You may remain in possession of the property as long as you are not in default under any of the Agreements and as long as you meet all your other obligations to us under the Mortgage.

5. NO OBLIGATION TO ADVANCE

We have no obligation to advance funds to you or permit you to incur secured obligations, even though the Mortgage is prepared, signed or registered, and whether or not any amounts have already been advanced or other secure obligations incurred. However, by signing the Mortgage you charge all of your interest in the property to us. You will reimburse us, on demand, for all our expenses incurred in investigating the title to the property and preparing and registering the Mortgage.

6. YOUR TITLE TO THE PROPERTY

As owner of the property, you certify that, as of the date of this Mortgage and at each subsequent advance of the Obligations Secured:

i. You are the lawful owner of the property;
ii. There are no encumbrances on the title to the property other than those disclosed on the registered title to the property; and
iii. There are no limitations or restrictions on your title to the property except building by-laws, zoning regulations and registered restrictions which have been complied with.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200527 Code

If you are a tenant of the property, you certify that, as of the date of this Mortgage and at each subsequent advance of the Obligations Secured:

i. The property is leased to you and your legal or personal representatives under a lease, a copy of which you have provided to us;
ii. The lease is a binding and existing lease and all information you have provided to us concerning it is true;
iii. All rents payable and other amounts due under the lease have been paid to the date you sign the Mortgage;
iv. You have permission or the right to assign and mortgage or charge the lease; and
v. Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions which have been complied with.

You promise not to do anything that will interfere with our charge upon your interest in the property and you agree to sign any documents which we think are necessary to charge to us your interest in the property.

You agree not to further mortgage, charge, hypothecate or encumber the property without our prior written consent.

7. YOUR RESPONSIBILITIES

i. **Payment** – You agree to pay us the Obligations Secured on demand, and to comply with all your other obligations under this Mortgage or under all Agreements.

ii. **Insurance** – You will insure without delay, and keep insured, in our favour and until the Mortgage is discharged, all buildings and improvements covered by the Mortgage (including those which will be built in the future both during construction and afterwards) ("the Buildings") against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the Buildings (the maximum amount for which the Buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and the Canadian standard mortgage clause satisfactory to us stating that loss under the policy is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the Buildings and any proceeds from that insurance. Co-insurance is not permitted. If you do not:

- maintain insurance on the Buildings that, in our opinion, complies with this paragraph;
- deliver a copy of any insurance policy or receipt to us at our request; or
- provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the Buildings. What we pay for any insurance we obtain under this paragraph shall be added to the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You will pay this amount to us immediately. Also, if the insurance you obtain is not acceptable to us in our reasonable estimation, we can require you to replace it with insurance which is acceptable. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. Our providing a copy of this Mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, to the extent permitted by law, in whole or in part and, at our option, be applied to rebuild or repair the damaged Buildings or paid to you or paid to any other person who owns or did own the property, (as established by the registered title) or applied, at our sole discretion, to reduce any part of the Obligations Secured, whether due or not yet due.

iii. **TAXES**

You will ensure property taxes are always paid on time to the respective municipality. At our option, we may decide to collect property taxes from you which we will then remit to the municipality. If we decide to collect property taxes from you, the following terms are applicable:

A. You will make **regular tax payments** to us on account of property taxes monthly or on such other regular payment dates as we direct. The amount of each regular tax payment will be based on our estimate of a year's taxes on your property next becoming due and payable and may change from time to time to reflect changes in the annual taxes on your property. The regular tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in installments, the regular payments should enable us to pay the full year's installments of property taxes on or before the date on which the first installment is due.

B. If, however, the annual due date or the first installment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal regular tax payments during that period and during the next 12 months. These equal tax payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the regular payment to cover this amount.

D. We will apply the regular payments we receive from you towards payment of your property taxes as long as you are not in default under the Mortgage. We are not obliged to make tax payments on multiple instalment dates or more often than once a year. If you have not paid us enough for taxes, we may, at our option, still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created.

E. We will not pay you interest on any credit balance in your tax account. We will charge you interest on the debit balance in your tax account at the interest rate provided for in the Agreements until the debit balance is paid to us in full. If more than one rate is provided for in the Agreements, interest will be charged at the highest rate. Any such debit balance and all accrued interest thereon will form a part of the Obligations Secured.

F. If you fail to pay us any Obligations Secured when due, we may apply the credit balance in your tax account towards payment of the Obligations Secured.

G. We can deduct from any advance of the Obligations Secured enough money to pay all taxes due which have not been paid.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive and provide us with receipted tax bills if we require.

iv. **OTHER CHARGES** – You agree to pay all taxes, charges, mortgages, liens, common expenses and other encumbrances on the property when they are due. If you do not pay any of these amounts when they are due, we can pay them. We can also pay off any liens, claims, common expenses or encumbrances against your property which we consider to have priority over the Mortgage. If we pay on your behalf any taxes, charges, mortgages, liens or other encumbrances or any common expenses, you will immediately pay us our costs of so doing and until paid, all such costs will form part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You will also pay all our costs of collecting any payments not received from you when due. These costs will include all of our legal expenses on a solicitor and own client basis. All of these costs will form a part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements.

v. **KEEPING THE PROPERTY IN GOOD CONDITION** – You agree to keep the property in good condition and to make any repairs that are needed. You also agree not to do anything, or let anyone else do anything, that lowers the value of the property. We can inspect the property at any reasonable time, and charge the cost of any inspections to you. These costs shall be payable to us immediately, shall bear interest as provided for in the Agreements and shall form part of the Obligations Secured.

If you do not keep the property in good condition, or if you or anyone else does anything that lowers the value of the property,we can make any repairs which we consider necessary and charge our cost of repairs to you. These amounts shall be payable to us immediately, shall bear interest as provided in the Agreements and shall form part of the Obligations Secured.

vi. **RESTRICTIONS ON USE AND SALE OF YOUR PROPERTY**

A. You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent. You may not use your property for any illegal purposes.

B. You will occupy the property as your and your family's principal residence and will only rent to others all or any part of your property in accordance with our prior written authorization. If we have authorized the rental of all or part of your property, you will do so for residential purposes only in a prudent businesslike manner at fair rents and in compliance with all applicable tenancy laws and regulations.

C. You will not sell or otherwise dispose of your property without our prior written approval.

D. You will not make another mortgage on your property and not use it as security for any other debt without our prior written approval.

vii. **IF YOU ARE A TENANT OF THE PROPERTY** – You promise:

- to pay the rents and other amounts due under the lease as they fall due;
- to comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;
- not to surrender the lease;
- not to make any change in the lease without first obtaining our written consent;
- to give us a true copy of any notice or request you receive concerning the lease;
- to notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease; and
- to hold the last day of the term of the lease for us and grant us the power to transfer or otherwise deal with such last day together with the lease.

We shall have the right to cure any default by you under the lease but are not required to do so. If we cure any default under the lease, you will pay to us all costs we incur. These costs shall be payable to us immediately, shall bear interest as provided in the Agreements and shall form part of the Obligations Secured.

8. PREPAYMENT
Your right to prepay, if any, the Obligations Secured will be set out in the Agreements.

9. BUILDING MORTGAGES
The word **improvement** includes any construction, installation, alteration, addition, repair or demolition. If any portion of the Obligations Secured is to finance an improvement, you must so inform us in writing immediately and before any advances of such portion of the Obligations Secured. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. If you do not complete the construction, we may do so and our expenses will form a part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You will pay us these expenses immediately. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of the property. We will determine whether or not any advances will be made, when they will be made and in what amount. Whatever the purpose of the Mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the Mortgage to any person claiming a construction lien on the property.

10. TRANSFER OF LEASES AND RENTS
As additional and separate security for the Obligations Secured, you assign to us all existing and future rents and leases relating to the property. In particular you transfer and assign to us as security:

i. All leases, lease agreements and their renewals;
ii. All rents and other money payable under the terms of all such leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the Mortgage; and
iii. All of your rights under such leases and agreements.

In addition you confirm that:

i. You must obtain our prior written consent for any future leases of the property or for the renewal of any lease (other than a renewal provided for in any lease);
ii. Nothing we do under this paragraph shall put us in possession of the property;
iii. However, if you default under the Mortgage, we have the right to take possession of the property, inspect, collect rents or manage the property; and
iv. We are not obliged to collect any rent or other income from the property nor to comply with any term of any lease or agreement.

11. APPOINTING A RECEIVER TO RECEIVE INCOME
If you default in making any payment on the Obligations Secured or under the Mortgage or in complying with any of your other obligations under the Agreements or the Mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from the property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

i. Use any available remedy (taken in your name or our name) to collect the income from the property;
ii. Take possession of the property or part of it;
iii. Manage the property, maintain it in good condition and complete any construction or improvements if applicable; and
iv. Lease the property on whatever terms considered appropriate.

From the income collected the receiver may:

i. Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.
ii. Retain enough money to pay disbursements spent on collecting the income.
iii. Pay all taxes, fire insurance premiums, expenses of keeping the property in good condition or completing any construction or improvements, interest on those payments and all charges that have priority over the Mortgage and interest on those charges.
iv. Pay us all interest that is due and payable under the Obligations Secured and then, at our option, pay us all or part of the Obligations Secured, whether due or not yet due.

Nothing done by the receiver puts us in possession of the property or makes us accountable for any money except for money actually received by us.

12. ENVIRONMENTAL PROVISIONS
We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect the property and the Buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any inspection, testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the

amounts to the Obligations Secured under your Mortgage and these amounts will bear interest at the interest rate provided for in the Agreements. If we do the things permitted under this section, we will not be considered to be in possession or control of the property.

13. SECURITIZATION

We may, at our option, sell or deposit all or any part of the Obligations Secured, the Agreements and the Mortgage to one or more third party(ies) without notice to you or your consent. If we do so, you agree that this Mortgage shall continue to secure all Obligations Secured, including all amounts owing under any Obligations Secured or Agreement that has been so sold, or assigned or deposited and all Obligations Secured that arise under any Agreement after such sale, assignment or deposit. This Mortgage and any Obligations Secured or Agreement once sold, assigned or deposited may be repurchased by us, whether or not in default.

You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

14. IMMEDIATE PAYMENT

You will immediately, at our option, pay to us all of the Obligations Secured if any part of the Obligations Secured is not paid when it is due, or if you fail to comply with any of your obligations under the Mortgage or under any Agreement.

15. DELAY IN ENFORCEMENT

We can delay enforcing any of our rights under the Mortgage or the Obligations Secured without losing those rights, and we can release others from their obligations under the Mortgage or any of the Obligations Secured without releasing you.

16. ENFORCING OUR RIGHTS

If you default in making any payment on the Obligations Secured or we have demanded payment on the Mortgage or if you are in default in complying with any other obligation under this Mortgage or Agreements or you become bankrupt or you abandon or leave the property unoccupied, we may do any one or more of the following in any order

i. Sue you — We may take such action as is necessary to obtain payment of all or any part of the Obligations Secured.

ii. Foreclose — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

iii. Court sale -- We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the Obligations Secured. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iv. Power of sale — If default has continued for 15 days, we can on 35 days' notice to you:

  a. Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on whatever terms we can negotiate;

  b. Lease it on such terms and for whatever period we may decide upon.

  Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given.

  We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.

v. Possession -- We can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:

  - Inspect, lease, collect rents or manage your property;
  - Repair or put in order any building on your property;
  - Complete the construction of any building on your property.

  We can also take whatever action is necessary to recover and keep possession of your property. If we take possession, we are not responsible for preserving your property and will account only for any money we actually receive from the property.

vi. Other action – we can take any other remedy available to us under applicable law.

You will immediately pay all our expenses of enforcing or protecting our security or any of our rights under the Mortgage or any Agreements. Our expenses include our costs of taking or keeping possession of the property, an allowance for the time and services of our employees and of any company servicing the Mortgage who are utilized in so doing, our legal fees on a full indemnity basis and all other costs related to protecting or enforcing our interest under the Mortgage. These expenses will form part of the Obligations Secured and will bear interest as provided for in the Agreements. If there is more than one interest rate on the Obligations Secured, the highest rate will apply. After we are in a position to sell or lease the property, we can sell it, by public auction or private sale, or lease it at any time, in any way, and on any terms which we think are reasonable whether in cash or part cash and credit. If the amount we receive from the sale or lease of the property is less than the Obligations Secured you will have to pay us the difference.

You agree not to make any claims concerning the property against anyone who buys it or leases it from us, or anyone who buys or leases the property after that time. If you do have any claims concerning the property, you agree to make them only against us and only for money damages.

If we obtain a court judgement against you for your failure to comply with any of your obligations to us under any of the Agreements or the Mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the Mortgage. We will continue to be entitled to receive interest on the Obligations Secured in the manner established in the Agreement(s). The rate of interest payable on any judgement shall be calculated and payable in the same way as interest is calculated under the Agreement(s) and at the same rate that interest is payable until the judgement has been paid in full.

17. SALE OF PROPERTY

If you sell or transfer the property then, at our option, you will immediately pay to us all the Obligations Secured. If we do not require you to pay to us the Obligations Secured, your obligations to us under the Mortgage, and our rights against you or anyone else who is liable for the payment of the Obligations Secured, are not affected.

18. AMENDMENTS

We may from time to time enter into one or more written agreements with you (or with anyone to whom the property is transferred) to amend the Agreements or the Mortgage. It will not be necessary to register the agreement on title in order to retain priority for the Mortgage, as amended, over any instrument registered after the Mortgage for the full amount of the Obligations Secured. Any reference in this set of Standard Charge Terms to the Mortgage means the Mortgage as amended by any such agreement.

19. GIVING NOTICE

Any written notice under this Mortgage or the Agreements may be given to you and shall be considered to have been received by you when we send it to the last address of which we have received written notice from you. Written notice to any one of you shall be considered to be notice to both of you. Written notice shall be considered to have been received by us when it is received at the address of the branch indicated on the Mortgage document or any other branch as we may notify you in writing.

20. EFFECT ON OTHER AGREEMENTS, OBLIGATIONS AND SECURITY

The Mortgage does not change or release you from any of your other obligations under the Agreements with us. Also, the Mortgage does not affect any other security we hold for the repayment of the Obligations Secured, or any other rights we may have to enforce repayment of the Obligations Secured.

21. CONDOMINIUM/STRATA LOT PROVISIONS

In this paragraph 21, the Condominium Act, the Strata Property Act or similar legislation governing condominium property in the province in which the property is located, each as amended or re-enacted, is called the Act. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

You will comply with the Act, the declaration and with the by-laws and rules of the condominium corporation (the **corporation**) relating to the property and provide us with proof of your compliance from time to time as we may request.

You will pay the common expenses for your property to the corporation on the due dates. In addition to our other rights and remedies contained in the Mortgage, you will pay us immediately all our expenses in relation to any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required) or the enforcement of our right to have the corporation or any owner comply with the Act, declaration, by-laws and rules and our exercising any voting rights we may have.

These costs will bear interest at the highest rate provided for in the Agreements and will form a part of the Obligations Secured.

You irrevocably authorize us to exercise your rights in all matters concerning the Act and the condominium. You also authorize us to exercise your rights to demand the corporation purchase the unit and common interest, where provided under the Act; elect to have the value of the unit and common interest or that of the condominium property determined by arbitration and receive your share of the corporation's assets and the proceeds from the sale of the unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

The above actions will not put us in possession of the property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act.

You authorize us to inspect the corporation's records and remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation. You will forward to us, if we require, any notices, assessments, by-laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

The Obligations Secured will become payable immediately, at our option, if (i) the corporation fails to comply with the Act, the declaration and the by-laws and rules of the corporation; (ii) the corporation fails to insure all the condominium units and common elements according to law and according to any additional requirements of ours or do all that is necessary to collect insurance proceeds; (iii) the corporation makes any substantial modification to the common elements or the corporation's assets without our approval; (iv) there has been substantial damage and the owners have voted for termination of the condominium; (v) a sale of the condominium property or any part of the common elements is authorized, or (vi) the property ceases to be governed by the Act.

If the property ceases to be governed by the Act all the terms of the Mortgage continue to apply to the property. You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition. Your share of the corporation's assets and the proceeds from the sale of the unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this and any money received by us (after payment of all our expenses) may be applied to reduce any part of the Obligations Secured. Any balance remaining after all claims have been satisfied will be paid by you.

22. RELEASING THE PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of the property (that is, we may discharge, or partially discharge, the property from the Mortgage) whether we receive value for our release or not. If we release part of the property from the Mortgage at any time, the rest of the property will continue to secure the Obligations Secured.

If the property is subdivided before our interest in the property comes to an end, the Mortgage will be secured by each part into which the property is subdivided. This means that each part will secure repayment of the total amount of the Obligations Secured you owe us, even if we release another part of the property from the Mortgage.

We can release you, any guarantor, or any other person from performing any obligation contained in the Mortgage, the Agreements or any other security document without releasing any part of the property secured by the Mortgage or any other security document. Any such release shall not release any other party from their obligations under the Mortgage or Agreements.

23. DISCHARGE OF MORTGAGE

When our interest in the property comes to an end, we will prepare for you a full discharge of our claim (which is called a Discharge of Charge/Mortgage). You will give us a reasonable time in which to prepare and sign the discharge and you will pay our usual administrative fee for preparing, reviewing or signing the document and all legal and other expenses we incur in so doing. You will be responsible for registering and for the costs of registering any discharge.

24. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the Mortgage. The Mortgage will also be binding on your heirs, personal representatives and any person to whom the property is transferred, and shall benefit us and our successors and assigns. All persons who sign or who are otherwise bound by the Mortgage as chargors are jointly and severally bound to comply with all obligations under the Mortgage.

25. GUARANTEE

In this paragraph, **guarantor** means each person who signs the Mortgage as Guarantor or Covenantor. **chargor** means each person who signs or is otherwise bound by the Mortgage as chargor.

In return for us making a loan or extending this credit to the chargor secured by this Mortgage, the guarantor, by signing the Mortgage, unconditionally guarantees to us the chargor's payments of the Obligations Secured (including interest, whether or not the interest rate is changed, and other costs and charges), when due and compliance with the chargor's other obligations under the Mortgage and Agreements. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the Mortgage or Agreements, the guarantor will pay us upon demand all of the Obligations Secured and comply with all of the obligations under the Mortgage and Agreements which have not been complied with by the chargor. Each guarantor will be jointly and severally responsible with the chargor and with one another (if more than one) for all obligations under the Mortgage and Agreements, including payment of the Obligations Secured.

It is understood that we can without releasing or lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Make new advances of and otherwise permit the chargor to incur Obligations Secured;
- Grant any extensions of time for payment and extensions of the term of the Obligations Secured, including any amendments, replacements, additions or renewals of the Agreements covering the Obligations Secured;
- Increase the rate of interest payable under the Agreements, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the Mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the Mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the Mortgage or Agreements or change any of the terms of the Mortgage or Agreements at any time;

either before or after requiring payment from any other person. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the Mortgage). The obligations of the guarantor under this guarantee shall be as principal debtor and not as surety and are not affected by the release in whole or in part of any chargor or of any other person (including any guarantor) of his obligations for the Obligations Secured or any compromise or termination of any Obligations Secured, whether in bankruptcy proceedings or otherwise. Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

26. BUILDING MORTGAGE TERMS

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement via progress advances, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

27. HEADINGS

The headings in the body of the Mortgage form no part of the Mortgage. They are inserted for convenience only. You agree that all of the provisions stated in this set of Standard Charge Terms form a part of the Mortgage.

28. STATUTORY COVENANTS EXCLUDED

The covenants implied or incorporated into a mortgage by statute in the province where your property is located are, to the extent permitted by statute, excluded or overridden by the terms of this Mortgage.

29. FEES AND EXPENSES

A. Servicing Fees.

You agree to pay to us servicing fees to cover our reasonable time and costs for administration of the Mortgage, the Agreements and Obligations Secured including without limitation, a fee or allowance for

(a) administering the account for the collection and payment of taxes, an annual fee;

(b) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled,

(c) preparing each information, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person,

(d) processing each application to obtain our approval or consent for any matter required by the mortgage or Agreement whether or not approval or consent is provided or the matter is completed,

(e) processing each extension, renewal, payment frequency change, restructuring or other amendment of the mortgage, Agreements or Obligations Secured whether or not completed,

(f) investigating status of any insurance, administering insurance cancellations and paying insurance premiums and dealing with insurance claims,

(g) providing a copy or duplicate of documents from our file or an amortization schedule, a payment history, tax account history, audit verification and other services of a clerical nature including retrieval, copying, transmission and other charges,

(h) investigating status of realty tax payments and administering tax payments,

(i) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches,

(j) registering electronically or otherwise or executing and delivering any discharge of this mortgage (notwithstanding that the discharge may have been prepared by you or other person on your behalf),

(k) generally, any matter connected with the proper administration of the mortgage and property and the Agreements and Obligations Secured including inquiring into compliance, dealing with or enforcing any obligation contained in the mortgage or Agreements and including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, managing or selling the property.

Our servicing fees shall be the amounts established, disclosed and generally applied by us from time to time and may be ascertained upon inquiry to us.

B. Costs.

You agree to pay us all amounts we expend and costs we incur in any manner in connection with this Mortgage including, without limitation, expenses in relation to:

(a) collecting payments under and enforcing and realizing the security of this Mortgage and the Agreements;

(b) defending or otherwise dealing with any action or proceeding in which we by reason of the mortgage may be a party or otherwise interested including without limitation any construction lien or similar matter, any seizure or prosecution by police or other authority, any foreclosure, sale, redemption, assessment or other action or proceeding by any other encumbrancer or any certificate of pending litigation or other title matter;

(c) performing or complying with any of your obligations under this mortgage or the Agreements including, without restriction, those relating to insurance, condominium, repair and construction, leases, taxes, prior encumbrances and environmental matters.

All legal costs incurred by us in dealing with compliance with any term and in enforcement of the mortgage shall be paid by you in full (including legal fees for any court proceeding on a substantial indemnity basis).

C. Interest and Security for Fees and Costs.

All the above described fees and costs, allowances and expenses shall be secured by this mortgage, shall bear interest at the interest rate of the mortgage from the date incurred or calculated by us and shall be payable by you forthwith on demand.

DATED the 17th day of August, 2005.

MERIX FINANCIAL INC.
by its solicitors
Gowling Lafleur Henderson LLP
Per:

Harry R. VanderLugt

FILED: , 2005

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200527 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200528 Cote
Filing Date 16th Sept-2005 Date de Dépôt
Page 1 of/de 13 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

NATCAN TRUST COMPANY

STANDARD MORTGAGE TERMS

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing numbers, as provided in section 9 of the Act.

1. Meanings and Definitions

1.1 ***Definitions***. In these Mortgage Terms:

"Agreement" means any document, now or in the future, that gives rise or relates to Indebtedness or Obligations, and any renewals, extensions, amendments, replacements, restatements and substitutions of such document.

"Applicable Laws" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licenses, authorizations, approvals and all applicable common laws or equitable principles whether now or hereafter in force and effect.

"Borrower's Mailing Address" means the postal address of the Borrower set out in the Mortgage Form or the most recent postal address provided in a written notice given by the Borrower to the Lender under these Mortgage Terms.

"Borrower" means the Person or Persons named in the Mortgage Form as mortgagor.

"CMHC" means Canada Mortgage and Housing Corporation or any successor.

"Constituting Documents" has the meaning given to such term in subsection 13.2.

"Costs" means all costs of the Lender (and interest on all such costs from the date incurred until paid to the Lender) for:

(i) preparing, executing and registering any Agreement or this Mortgage and any such costs in extending credit to the Borrower or qualifying the Borrower for such purpose;

(ii) enforcing the Mortgage or any Agreement;

(iii) any protective disbursements or just allowances paid by the Lender that may be added to the Indebtedness or are otherwise secured by this Mortgage;

(iv) any Receiver or other Person appointed with similar powers (under this Mortgage or otherwise) and such Person's costs in regard to the Property;

(v) obtaining assessments of the condition of the Property, such as environmental assessments;

(vi) complying with any requirements of Applicable Laws in regard to the Property;

(vii) performing the obligations of the Borrower under the Mortgage or any Agreement, such as the costs incurred in removing any lien from title to the Property that is in breach of this Mortgage (whether or not having priority over the Mortgage) or paying Taxes; and

(viii) in the case of all of the above items, all legal fees and disbursements of the Lender, or a Receiver, on a full solicitor-client or substantial (i.e. full) indemnity basis.

"Court" means a court or judge having jurisdiction under Applicable Laws.

"Default" means any default occurring under this Mortgage.

"Indebtedness" means:

(i) all money borrowed by the Borrower from the Lender;

(ii) all interest and Costs owing by the Borrower to the Lender;

(iii) all contingent obligations of the Borrower to the Lender where the Borrower is providing financial assistance to another Person; and

(iv) any other debts, liabilities and extensions of credit, present or future, direct or indirect, absolute or contingent, matured or not, now or at any time due or owing by the Borrower to the Lender or remaining unpaid by the Borrower to the Lender, whether reduced from time to time and afterwards increased or entirely extinguished and afterwards incurred again (such as a revolving line of credit), whether arising by way of an Agreement or otherwise, whether arising from dealings between the Lender and the Borrower, or from other dealings or proceedings by which the Lender may be or become in any manner a creditor of the Borrower, wherever incurred and whether incurred by the Borrower alone or with another or others.

"Lender's Mailing Address" means the postal address shown on the Mortgage Form or the most recent postal address provided in a written notice given by the Lender to the Borrower under these Mortgage Terms.

"Lender" means the Person or Persons named in the Mortgage Form as the lender or the mortgagee and includes any Person to whom the Lender transfers this Mortgage.

"Mortgage" means, together, the Mortgage Form and these Mortgage Terms.

"Mortgage Form" means the form, stipulated by Applicable Laws, to which these Mortgage Terms are attached or incorporated by reference.

"Mortgage Terms" means the terms and conditions contained in this document.

"National Housing Act" means the *National Housing Act,* R. S. C. 1985, c. N.-11, as amended and replaced from time to time.

"Obligations" means all obligations of the Borrower to the Lender at any time, other than Indebtedness.

"Person" means a natural person or any other legal entity, such as a corporation.

"Place of Payment" means the Lender's Mailing Address or any other place specified in a written notice given by the Lender to the Borrower.

"Property" means the lands described in the Mortgage Form, together with all buildings, structures, and improvements of any nature or kind now or hereafter located on such lands, and all fixtures, rents and all other appurtenances thereto.

"Spouse" means the spouse of the Borrower or another person having any equivalent spousal or common law interest in the Property under Applicable Laws.

"Receiver" means a receiver, a manager, a receiver and manager, or any other similar Person appointed in regard to the Property, or any part of the Property, and the rents and profits of and from such Property, which receiver may be an officer or officers or employee or employees of the Lender, though need not be.

"Taxes" means all taxes, rates and assessments of every kind that are payable by any Person in connection with this Mortgage, the Property or its use and occupation, or arising out of any transaction between the Borrower and the Lender, but not including the Lender's income taxes.

2. Continuing Security

2.1 ***Mortgage of Property.*** The Borrower, hereby grants, mortgages and charges the Property to the Lender as continuing security for payment of Indebtedness and performance of Obligations.

2.2 ***Limitation.*** This Mortgage will secure at any one time only that portion of the principal component of the Indebtedness at such time up to the registered amount shown on the Mortgage Form (which may be identified on such form as the principal amount), together with interest or compound interest (in the manner specified in this Mortgage) on such portion of the Indebtedness and Costs.

2.3 ***Lender Not Required to Advance Money.*** The Lender is not obliged to advance to the Borrower any money under this Mortgage, whether or not this Mortgage is registered, and nothing in this Mortgage obliges the Lender to make such advances of money to the Borrower.

2.4 ***No Discharge.*** By entering into this Mortgage, the Borrower and Lender do not intend that any Agreement is to be extinguished, superseded or discharged. If a judgment is obtained from a Court concerning some or all of the Indebtedness or Obligations, the Borrower and Lender do not intend that the remaining Indebtedness or Obligations will be extinguished, superseded or discharged or that the Lender will be prevented from exercising any of its remaining rights under any Agreement, this Mortgage or Applicable Laws.

2.5 ***No Prejudice to Other Security.*** The Lender may take guarantees or securities from other Persons, or grant time, renewals, extensions, indulgences, releases and discharges to the Borrower and other Persons, relating to the Indebtedness or the Obligations secured by this Mortgage, without prejudicing the rights and remedies of the Lender under this Mortgage.

2.6 ***Possession of Property.*** The Borrower may continue to remain in possession of the Property as long as the Borrower is not in Default.

2.7 ***Discharge of Mortgage.*** When the Indebtedness and all Obligations are satisfied in full by the Borrower, and the Borrower has no further liability under any Agreement, and the Lender has no obligation to make any further advances or extend credit to the Borrower under any Agreement, this Mortgage will have no further effect and the Borrower will be entitled to obtain a discharge of this Mortgage. Where the Borrower is entitled to such discharge of this Mortgage, the discharge will be prepared and signed by the Lender and is to be registered by the Borrower, at the Borrower's expense, in the appropriate registry of deeds, land titles or land registration office to cause cancellation or release of this Mortgage against the Property.

3. Interest

3.1 ***What Interest Applies to.*** Interest is chargeable on and forms part of the Indebtedness and is payable by the Borrower at the rate or rates and with the frequency, and otherwise, in accordance with the terms of an Agreement and this Mortgage.

3.2 ***Calculation of Interest.*** Any interest that is chargeable on and forms part of the Indebtedness is not payable in advance, but is chargeable and payable at the rate or rates and with the frequency and otherwise as specified by the terms of an Agreement and this Mortgage, both before and after any Default, any maturity of the Indebtedness to which the interest relates and any judgment obtained with respect to the Indebtedness to which the interest relates, until all such interest and the Indebtedness to which the interest relates has been paid in full. Interest unpaid when due in accordance with the terms of an Agreement and this Mortgage will be added to the Indebtedness and bear compound interest at the rate or rates and with the frequency specified by the terms of an Agreement and this Mortgage. If the interest rate for any amount payable under this Mortgage is not specified by the terms of the Agreements or otherwise under this Mortgage, then such interest will be payable at the rate and with the frequency and otherwise in accordance with Applicable Laws.

3.3 ***Maximum Interest.*** If the interest rate or rates under the terms of an Agreement and this Mortgage exceed the maximum rate permitted by Applicable Laws, then, notwithstanding the terms of the Agreements and this Mortgage, the interest rate will be deemed to be such maximum rate.

3.4 ***Rate of interest on Mortgage Form.*** If a rate of interest is set out on the Mortgage Form, the rate or rates of interest on the Indebtedness will nonetheless be the rate or rates specified by the terms of an Agreement and this Mortgage, but if none are specified for any portion of the Indebtedness, then the applicable rate of interest for such Indebtedness will be that which is set out on the Mortgage Form.

3.5 ***Interest on Costs.*** If Costs arise, the Borrower will pay interest on such Costs (and interest on overdue interest) from the time the Costs arise until the Costs are paid as follows:

(a) if such Costs arise under an Agreement, then the interest will be paid on such Costs at the rate and with the frequency, and otherwise, in accordance with such Agreement; and

(b) if such Costs arise solely under this Mortgage, without regard to a particular Agreement, then the Lender will attribute such Costs to any Agreement that the Lender chooses and interest on such Costs will be payable at the rate, with the frequency, and otherwise, in accordance with such Agreement.

4. Payment

4.1 ***Payment on Demand.*** The Borrower will pay to the Lender the outstanding amount of the Indebtedness immediately on demand by the Lender, unless the terms of an Agreement and this Mortgage provide otherwise.

4.2 ***Application of Payments.*** Each payment will be applied as set out in the applicable Agreement. If an Agreement does not specify the manner in which payments will be applied, each payment will be applied as follows: first in payment of amounts payable under this Mortgage or any Agreement other than money borrowed and the interest; secondly in payment of interest; and thirdly in payment of the money borrowed.

5. Taxes

5.1 ***Payment of Taxes by Borrower.*** Without limiting any promise the Borrower has made to the Lender in any Agreement concerning the payment of Taxes, the Borrower promises to pay all Taxes when they are due and any other debt that could rank prior to this Mortgage and to send to the Lender at the Place of Payment, within thirty days of the payment due date for such Taxes, evidence that such payments have been made. If the Borrower fails to pay Taxes as required, the Lender may, but is not obligated to, pay the Taxes, and any such amount paid by the Lender will be included as Costs and form part of the Indebtedness.

5.2 ***Government Assistance.*** The Borrower promises to apply for all government grants, assistance and rebates in respect of Taxes.

6. Other Promises of the Borrower

6.1 ***Borrower Promises.*** The Borrower promises:

a. to comply with all terms and conditions of any charge or encumbrance of the Property that ranks ahead of this Mortgage;

b. to pay all Indebtedness, to perform all Obligations, and to comply with all terms of this Mortgage and the Agreements;

c. to keep all buildings and improvements forming part of the Property in good condition and to repair them as needed or as the Lender reasonably requires and not to alter or tear down any building or part of a building forming part of the Property;

d. to enforce and maintain in good standing all warranties and insurance relating to buildings and improvements forming part of the Property;

Compliance with laws: e. to comply with Applicable Laws affecting the condition (such as the environmental condition), repair, use and occupation of the Property;

f. to do all things and sign any other document that the Lender reasonably requires to ensure that the Indebtedness and Obligations remain secured by this Mortgage and that the Mortgage has priority over any other security over the Property, except as may otherwise be agreed to by the Lender;

g. not to do or fail to do anything that has the effect of reducing the value of the Property or lowering the priority of this Mortgage and any other security in favour of the Lender (the Borrower is to promptly inform the Lender of any fact or event that could adversely affect the value of the Property or the financial condition of the Borrower or that could lower the priority of this Mortgage or other security held by the Lender for the Indebtedness and Obligations);

Rented Property: h. if the Borrower has rented the Property to a tenant, and if the Lender so requests, to keep records of all rents received and of all expenses paid by the Borrower in connection with the Property, and, at least annually, have a statement of revenue and expenses for the Property prepared by a chartered accountant, and to give a copy of the statement to the Lender;

Property Insurance: i. to insure and keep insured all buildings and improvements on the Property for not less than their full replacement value until this Mortgage is discharged, including, without limitation, (i) risks of loss or damage by fire with extended perils coverage and such additional perils, risks or events against which a prudent owner would insure the Property; (ii) if applicable, risks of loss and damage by explosion of, or caused by, any boiler or similar apparatus, against loss or damage caused by a sprinkler system; and (iii) if applicable, risks of loss from damage to or destruction of the Property resulting in interruption to or loss of revenue, rental income, or business income from the Property;

j. to send to the Lender a copy of all insurance policies and renewals of same upon receipt and to ensure that all insurance policies required under this Mortgage are carried with a company approved by the Lender and contain mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable to the Lender, that the Lender has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Mortgage (the Borrower hereby assigns to the Lender all amounts payable under any of these policies), and that the insurer will promptly advise the Lender of (i) any cancellation, or proposed cancellation of a policy by the insurer for any reason, (ii) any failure by the insurer to renew a policy for any reason and (iii) any material change in the risk insured by the insurer, if required by the Lender;

k. on the happening of any damage, to furnish all necessary proofs to the Lender and do all necessary acts to enable the Lender to obtain payment of the insurance proceeds, with the intention that the Lender, in its discretion, may allow the Borrower to use the insurance proceeds to repair or rebuild the Property or may use such insurance proceeds to reduce the Indebtedness, whether due or not;

Pre-Authorized Payments: l. if the Lender requires the Borrower to do so, to arrange for payments on account of Indebtedness to be made by pre-authorized withdrawals from an account of the Borrower;

m. to pay any money, which, if not paid, would result in a default under any charge or encumbrance having priority over this Mortgage or which might result in the sale of the Property; and

n. to pay and cause to be discharged any liens or encumbrances over the Property that are not prior encumbrances permitted by the Lender under this Mortgage.

6.2 ***Promises regarding the Property.*** The Borrower promises and declares to the Lender that:

a. the Borrower:

  (i) has good title to the Property;

  (ii) has the right to give the Lender this Mortgage and that on Default the Lender can have quiet possession of the Property free from all encumbrances; and

  (iii) will execute such further assurances of title to the Property as may be required by the Lender;

b. the Borrower's title to the Property is subject only to:

  (i) those charges and encumbrances that are registered in the registry of deeds, land titles or land registration office for the Property at the time the Borrower signed this Mortgage; and

  (ii) any unregistered charges and encumbrances that the Lender has agreed to in writing;

c. subject to paragraph (b) above, the Borrower:

  (i) has not given or is not in the process of giving any other charge or encumbrance against the Property; and

  (ii) has no knowledge of any other claim against the Property.

7. Promises between the Borrower and the Lender

7.1 ***Lender May Fulfill Borrower's Obligations.*** The Lender may, but is not required to, fulfill any of the obligations of the Borrower under the terms of an Agreement, this Mortgage or the Obligations, or spend any money to perform any such obligations.

7.2 ***Subsequent Interests.*** By this Mortgage, the Borrower grants and mortgages any additional or greater interest in the Property that the Borrower may later acquire.

7.3 ***Inspection of Property.*** The Lender or its insurer (if this Mortgage is insured), or their respective agents, may at any reasonable time or times inspect the Property and any buildings and improvements which form part of it, or have it appraised from time to time. In addition, the Lender or its insurer, or their respective agents, may conduct at any reasonable time or times any environmental testing, site assessment, investigation, or study that the Lender or its insurer considers necessary. The reasonable cost of any inspection, appraisal, testing, assessment, investigation, or study will be immediately due and payable by the Borrower and will form part of the Indebtedness. The Lender or its insurer, or their respective agents, will not become a mortgagee in possession by exercising these rights.

7.4 ***Repairs by Lender.*** The Lender, in its sole discretion, may enter the Property at any reasonable time or times to inspect the Property and request the Borrower to make any repairs that the Lender deems necessary, at the cost of the Borrower, but, just by doing so, the Lender will not become a mortgagee in possession nor will the Lender be under any obligation to make any repairs to the Property.

7.5 ***Lender not Responsible for Maintenance.*** If the Lender takes possession of the Property, the Lender will not be responsible for maintaining and preserving the Property or maintaining the use for which the Property is intended, except to the extent required by Applicable Laws, and the Lender need only account to the Borrower for any money the Lender actually receives in connection with this Mortgage or the Property while in possession of the Property.

7.6 ***Notice to Lender.*** If the Borrower wants to give any notice to the Lender, the Borrower must do so in writing and send the notice by registered mail to the Lender's Mailing Address.

7.7 ***Notice to Borrower.*** If the Lender wants to give any notice to the Borrower, the Lender must do so by having it delivered to the Borrower personally or by sending it by mail to the Borrower's Mailing Address.

7.8 ***When Notice Received.*** Any notice given by the Lender to the Borrower in accordance with this Mortgage is considered to have been received five days after the day on which it was mailed.

7.9 ***Mail Strike or Disruption.*** Any notice to be given during a mail strike or disruption must be delivered personally rather than sent by mail.

7.10 ***No Release on Sale.*** The Borrower is not released from the Indebtedness or the Obligations only because the Borrower transfers or otherwise conveys, or purports to transfer or otherwise convey, the Property or any interest therein.

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7.11 ***Other Mortgages.*** If the Borrower has mortgaged, charged or granted any interest or security in any other property to the Lender to secure payment of any of the Indebtedness or the Obligations, the Lender may take all proceedings under any of those mortgages, charges, grants of interest or security as the Lender decides and as permitted by Applicable Laws.

7.12 ***Consolidation with Other Mortgages.*** The Lender is entitled to treat this Mortgage as one with any other mortgages given now or in the future by the Borrower to the Lender, so that the Lender can require that the requirements of all such mortgages, and this Mortgage, have to be satisfied in full before the Lender will be obligated to give a discharge of any of those mortgages or this Mortgage.

7.13 ***Lender May Release Part of Property.*** Whether or not the Lender receives any value, at all times the Lender may release any part or parts of the Property or any other security or any other Person's promise for payment of all or any part of the Indebtedness or performance of the Obligations without being accountable to the Borrower except for the money the Lender actually receives. Notwithstanding any such release, the Property, security and promises of the Borrower and other Persons remaining unreleased will remain in effect for repayment of the Indebtedness and performance of the Obligations.

8. Defaults

8.1 ***Events of Default.*** A default (a "Default") occurs under this Mortgage if:

a. the Borrower does not make a payment under the Indebtedness at the time and in the manner required by the terms of any Agreement or by this Mortgage;

b. any statement, certification, representation, covenant or agreement of the Borrower or a guarantor given to the Lender in connection with the Indebtedness or any Obligations is or becomes untrue or misleading;

c. the Borrower is in default in performing any Obligations at the time and in the manner required by the terms of an Agreement or this Mortgage;

d. the Borrower breaches any promise, condition or agreement which the Borrower has made to the Lender in this Mortgage (or there is an occurrence that is deemed a Default under this Mortgage) or the Borrower or any other Person breaches a promise, condition or agreement in any Agreement even though the Borrower may not be in breach of a payment obligation under the Indebtedness;

e. the Borrower ceases to carry on its operation, becomes insolvent or bankrupt, becomes subject to insolvency, reorganization, arrangement or similar proceedings affecting the rights of any creditor;

f. the Property is abandoned or is left unoccupied for thirty or more consecutive days;

g. the Property or any part of it is expropriated or condemned;

h. the Borrower sells or agrees to sell all or any part of the Property or the Borrower leases it or any part of it without the prior written consent of the Lender, which may be refused at the sole discretion of the Lender.;

i. the Borrower gives another mortgage of the Property to someone other than the Lender without the prior written consent of the Lender;

j. any type of lien whatsoever, such as a mechanic's, builder's, or construction lien, judgment or any similar encumbrance is registered against the Property or the Lender receives notice that a lien or judgment will be obtained, unless prior written consent is obtained from the Lender for each instance of lien, judgement or encumbrance;

k. the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver, or any agent of one of those, or any other Person performing similar functions;

l. improvements to the Property remain unfinished and no work has been done for a period of fifteen consecutive days;

m. the Borrower is in default under any lease of the Property; or

n. an event occurs which is stated to be a Default under this Mortgage.

8.2 ***Lender Determines Default.*** The Lender, in its sole discretion, will determine whether any Default has occurred.

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9. Consequences of a Default

9.1 ***Borrower's Rights Cease Upon Default.*** Upon a Default occurring, the Borrower is not entitled to exercise any rights or entitlements under this Mortgage or any Agreement.

9.2 ***Lender's Rights on Default.*** If a Default occurs, the Lender, where and to the extent permitted by Applicable Laws, and then in any order that the Lender chooses, may do any one or more of the following:

a. demand immediate payment of all the Indebtedness, in which case the Indebtedness will become immediately due and payable;

b. demand immediate performance of all Obligations, in which case the performance of the Obligations will become immediately due;

c. sue the Borrower for money that is due in respect of the Indebtedness or the performance of Obligations, or both;

d. take proceedings and any other legal steps to compel the Borrower to satisfy the Indebtedness or perform the Obligations, or both;

e. enter upon and take possession of the Property;

f. sell the Property and any other property mortgaged by the Borrower to the Lender by public auction or private sale on terms decided by the Lender, including selling the Property for cash or credit or any combination of the two:

    (i) on thirty-five days notice to the Borrower if the Default has continued for fifteen days (or longer or other period, if required by Applicable Laws); or

    (ii) without notice to the Borrower if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws);

g. lease the Property on terms decided by the Lender:

    (i) on fifteen days notice to the Borrower if the Default has continued for fifteen days (or longer or other period, if required by Applicable Laws); or

    (ii) without notice to the Borrower if the Default has continued for thirty days or more (if and to the extent permitted by Applicable Laws);

h. apply to a Court for an order that the Property be sold on terms approved by the Court;

i. apply to a Court to foreclose the Borrower's interest in the Property so that when the Court makes its final order of foreclosure the Borrower's interest in the Property will be absolutely vested in and belong to the Lender;

j. apply to a Court to have a receiver or receiver and manager or comparable officer of the Court appointed with respect to the Property or appoint a Receiver of the Property under this Mortgage;

k. enter upon and take possession of the Property without the permission of anyone and make any arrangements the Lender considers necessary to:

    (i) inspect, lease, collect rents or manage the Property;

    (ii) complete the construction of any building on the Property; or

    (iii) repair any building on the Property; and

l. take whatever action is necessary to take, recover and keep possession of the Property.

9.3 ***Powers of the Court.*** Nothing in subsection 9.2 affects the jurisdiction of the Court.

9.4 ***Application of Proceeds.*** Any payments made of Indebtedness from money or other proceeds realized from the sale of any securities held in respect of such Indebtedness, including proceeds realized under this Mortgage, may be applied and reapplied notwithstanding any previous application on such part or parts of the Indebtedness as the Lender decides or may be held unappropriated in a separate collateral account for such time as the Lender decides.

9.5 ***Deficiency After Sale.*** Subject to Applicable Laws, if the proceeds available from realizing upon the Property pursuant to this Mortgage are not sufficient to pay all the Indebtedness, the Borrower will pay to the Lender on demand the amount of the deficiency.

9.6 ***Payment of Lender's Expenses and Costs.*** The Borrower will pay to the Lender on demand any Costs. Costs form part of the Indebtedness and will bear interest in accordance with terms of an Agreement and this Mortgage as they relate to Costs.

9.7 ***Lender's Rights After Judgment.*** If the Lender obtains judgment against the Borrower as a result of a Default, the remedies described in subsection 9.2 may continue to be used by the Lender to compel the Borrower to pay the Indebtedness and perform the Obligations. The Lender will continue to be entitled to receive interest on the Indebtedness, in accordance with and in the manner provided for such interest under the terms of an Agreement and this Mortgage, until the judgment is paid in full.

9.8 ***No Waiver of Rights.*** If the Lender does not exercise any of the Lender's rights on the happening of a Default or does not ask the Borrower to cure such Default, the Lender is not prevented from later compelling the Borrower to cure that Default or exercising any of those rights in connection with that Default or any later Default of the same or any other kind.

10. Construction of Buildings or Improvements

10.1 ***No Construction, Alteration or Addition Without Consent .*** The Borrower will not construct, alter or add to any buildings or improvements on the Property without the prior written consent of the Lender, and then only in accordance with accepted construction standards, building codes and municipal or government requirements and plans and specifications approved by the Lender and the insurer if this Mortgage is insured.

11. Rental

11.1 ***Lender to Approve Rental.*** If the Property or any part of the Property is intended to be used as owner-occupied residential premises, the Borrower represents that no part of the Property is rented or occupied by a tenant and the Borrower promises not to rent, lease or enter into a tenancy agreement of any part of the Property without obtaining the Lender's prior written approval, which approval may be refused at the sole discretion of the Lender.

11.2 ***Borrower's Obligations.*** If the Property or any part of the Property is intended to be used as rental premises and the Lender has consented to such rental, the Borrower:

a. must deliver to the Lender a copy of all leases related to the Property and will provide any and all information related to the rents on the Lender's request;

b. will only lease the Property at a value corresponding to a lease at the fair market value and will not accept payment in advance of more than one month's rent; and

c. assigns, as additional and separate security for the Indebtedness, all existing and future rents and leases relating to the Property. In particular, the Borrower transfers and assigns to the Lender as security:

    (i) all leases, lease agreements, sub-leases, and offers to lease, and their renewals, whether in writing or not;

    (ii) all rents and other money payable under the terms of all such leases, sub-leases, offers to lease, and agreements; and

    (iii) all the Borrower's rights under such leases, sub-leases, offers to lease, and agreements.

11.3 ***Receipt of Rents.*** Notwithstanding subsection 11.2, the Lender will allow the Borrower to receive the rents as long as the Borrower is not in Default. If the Lender withdraws this privilege, the Lender may collect such rents and revenues and will be entitled to a reasonable commission, which it may deduct from any amounts collected.

11.4 ***Lender Not Responsible.*** Nothing done by the Lender under this section 11 will make the Lender a mortgagee in possession or will have the effect of making the Lender responsible for collecting rent or complying with any terms of any lease or agreement.

12. Receiver

12.1 ***Lender May Appoint Receiver.*** Upon Default, the Lender or the Lender as agent or attorney for the Borrower (with no such appointment being revocable by the Borrower), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

12.2 ***Powers of Receiver.*** Subject to Applicable Laws, the Receiver:

a. will be deemed to be the Borrower's irrevocable agent or attorney, vested with all rights, powers and discretions of the Borrower, and the Borrower will be solely responsible for the Receiver's acts or omissions;

b. has power, either in the Borrower's name or in the name of the Lender, to demand, recover and receive income from the Property and start and carry on any action or court proceeding to collect that income;

c. may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses;

d. may complete the construction of or repair any improvement on the Property;

e. may take possession of all or part of the Property;

f. may manage the Property and maintain it in good condition;

g. has the power to perform, in whole or in part, the Borrower's duties under the terms of the Agreements, this Mortgage and the Obligations; and

h. has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property.

12.3 ***Use of Income by Receiver***. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Mortgage or that might result in the sale of the Property if not paid; (v) pay Taxes in connection with anything the Receiver is entitled to do under this Mortgage; (vi) pay interest to the Lender that is due and payable; (vii) pay all or part of the Indebtedness to the Lender whether or not it is due and payable; (viii) pay any other money owed by the Borrower under this Mortgage; and (ix) pay insurance premiums.

12.4 ***Receiver May Borrow***. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do.

12.5 ***Borrower Responsible for Borrowing by Receiver***. Any money borrowed by the Receiver from the Lender, and any interest charged on that money and all the costs of borrowing, will form part of the Indebtedness and will bear interest at the rate and to be paid with the frequency provided under the applicable terms upon which such money was borrowed.

12.6 ***Receiver's Costs and Expenses***. The fees and disbursements of the Receiver, if paid by the Lender, will form part of the Indebtedness and will bear interest according to the terms of an Agreement and this Mortgage.

12.7 ***Lender Not Responsible***. Nothing done by the Receiver under this section 12 will make the Lender a mortgagee in possession, and the Borrower hereby releases and discharges the Lender and every Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Borrower or any Person claiming through or under it by reason or as a result of anything done by the Lender or any Receiver under the provisions of this section 12. The Borrower agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this provision and agrees that neither the Receiver nor the Lender will be liable for any loss sustained by the Borrower or any other Person resulting from any such action or failure to act.

13. Strata/Condominium Provisions

13.1 ***Strata/Condominium Provisions*** . This section 13 applies if the Property is or becomes a strata/condominium or strata property created under the Applicable Laws. The Borrower will comply with this section 13 in addition to all other terms of this Mortgage and Applicable Laws.

13.2 ***Borrower Will Obey Strata/Condominium Rules.*** The Borrower will perform all of the Borrower's obligations as a strata/condominium owner under the Applicable Laws and the declaration, bylaws, rules and regulations of the strata/condominium corporation (the "Constituting Documents") and will pay all money owed by the Borrower to the strata/condominium corporation.

13.3 ***Insurance.*** The Borrower will cause the strata/condominium corporation to insure the Property and the common property (or common elements), in accordance with the Applicable Laws. In addition, the Lender agrees that the provisions of the Applicable Laws regarding the insurance proceeds will prevail notwithstanding subsection 6.1(k).

13.4 ***Right to Vote***. The voting rights of the Borrower as owner are exercisable by the Lender on written notice to the strata/condominium corporation as provided by the Applicable Laws, and the amendments thereto, but the Lender is not required to attend meetings of the strata/condominium corporation or to exercise such rights, whether or not notice is given. The Borrower hereby irrevocably assigns all voting rights to the Lender, provided until the Lender gives written notice of this Mortgage to the strata/condominium corporation, the Borrower may exercise voting rights.

13.5 ***Borrower to Supply Copies of Documents***. At the request of the Lender, the Borrower will give the Lender copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Borrower.

13.6 ***Lender is Borrower's Agent.*** The Borrower appoints the Lender to be the Borrower's agent to inspect or obtain copies of any records or other documents of the strata/condominium corporation that the Borrower is entitled to inspect or obtain, including the amount of any assessments or payments due to the strata/condominium corporation by the Borrower. The Lender is entitled to make inquiries as to the status of the Borrower's common expense contributions.

13.7 ***Indebtedness May Become Due.*** If the strata/condominium corporation transfers, charges or adds to the common property (or common elements), or amends its Constituting Documents without the consent of the Lender, and if, in the Lender's opinion, the value of the Property is reduced, there is a Default.

13.8 ***Lender May Require Payment.*** At the option of the Lender, and subject to compliance with Applicable Laws, there is a Default if:

a. governance of the property of the strata/condominium corporation under the Applicable Laws is terminated or wound up as described in the Applicable Laws or the Constituting Documents;

b. a vote of the strata/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a part of its common property (or common elements);

c. the strata/condominium corporation fails to comply with the Applicable Laws or the Constituting Documents;

d. the strata/condominium corporation fails to insure the strata/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

e. the strata/condominium corporation fails, in opinion of the Lender, to manage its property and assets in a careful way or to maintain its assets in good repair.

13.9 ***Strata/Condominium Expense Default***. Where the Borrower defaults in the obligation to contribute to the administrative expenses assessed or levied by the strata/condominium corporation, or any authorized agent on its behalf, or any assessment, instalment or payment due to the strata/condominium corporation or upon breach of any covenant or the provisions herein before in this subsection 13.9 contained, regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Lender, may at its sole option and discretion and without notice to the Borrower:

a. pay such expenses or levies and add any such payments to the Indebtedness and such amounts will bear interest according to the terms of an Agreement and this Mortgage; or

b. deem such default to be a Default under this Mortgage.

Upon Default and notwithstanding any other right or action of the strata/condominium corporation or of the Lender, the Lender may distrain for arrears of any assessments, instalments or payments due to the Lender or arising under this provision.

13.10 ***Lender Not Responsible.*** Nothing done by the Lender under this section 13 will make the Lender a mortgagee in possession.

14. Subdivision

14.1 ***Effect of Subdivision.*** If the Property is subdivided:

a. this Mortgage will charge each subdivided lot as security for payment of all the Indebtedness and performance of Obligations; and

b. the Lender is not required to discharge this Mortgage as a charge on any of the subdivided lots unless all the Indebtedness is paid and Obligations are performed.

15. Indebtedness Insured Pursuant to *National Housing Act*

15.1 All provisions of this Mortgage apply to Indebtedness insured by CMHC and if there is a conflict between the provisions of this Mortgage and this section 15, the following will prevail to the extent of the conflict:

a. ***National Housing Act***. *National Housing Act* applies to any portion of the Indebtedness insured by CMHC.

b. ***Taxes.*** The Lender may allow the Borrower to pay the Taxes directly to the appropriate authority, subject to such conditions as the Lender may set from time to time. In that case, the Borrower will pay the Taxes in the manner described in section 5. The Borrower, however, agrees that the Lender may withdraw this privilege at any time and the Borrower will pay the Taxes in the manner set out in the applicable Agreement.

c. ***Insurance.*** The Borrower promises to insure the Property in accordance with paragraph 6.1(i) and (j) above. In addition, the Borrower will send a certified copy of each insurance policy immediately upon the execution of this Mortgage and, not less than fifteen days before any policy expires, the renewal certificate or certified copy of the replacement policy to the Lender at the Place of Payment.

d. ***Inspection of Property.*** The Lender or its agent or CMHC's agent may inspect the Property in accordance with subsection 7.3 above.

e. ***Interest Adjustment Date.*** The definition of the interest adjustment date is specified in the Agreements relating to any portion of the Indebtedness insured by CMHC, if applicable.

16. Spouse of the Borrower

16.1 ***Consent of Spouse.*** Unless such affidavits and other documents are separately delivered to the Lender as required under Applicable Laws to release to the Lender any claim or interest of a Spouse in and to the Property, any Spouse who is signing the Mortgage Form consents to the granting of this Mortgage by the Borrower and releases to the Lender any claim or interest that the Spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Lender's rights under this Mortgage.

17. General

17.1 ***Who this Mortgage Binds.*** This Mortgage binds the Borrower, a Spouse (if any Spouse is signing the Mortgage Form) and their respective heirs, personal representatives, successors, executors, administrators and assigns.

17.2 ***Amendments.*** Any agreement to make material changes to this Mortgage will not only apply to those who agree to the changes in writing, but to any Person, such as the Spouse (if any), who signed the Mortgage Form.

17.3 ***Joint and Several Obligations.*** Each Person who signs this Mortgage as a Borrower is jointly and severally liable for all of the Indebtedness and the performance of the Obligations.

17.4 ***Unenforceable Provisions.*** If any part of this Mortgage is not enforceable or invalid, all other parts of this Mortgage will remain in full effect and be enforceable against the Borrower and any Spouse who is signing the Mortgage Form.

17.5 ***Lender May Make Changes.*** The Lender may, without consent or notice, assign, grant security interests in or otherwise dispose of all or some of the Indebtedness or this Mortgage.

17.6 ***Responsibility of Lender.*** The Lender is only liable to the Borrower for the Lender's intentional fault or gross negligence.

17.7 ***Lender May Delegate.*** The Lender may delegate the exercise of its rights or the performance of its obligations to another Person. In that event, the Lender may furnish that Person with any information it may have concerning the Borrower or the Property.

17.8 ***Headings.*** Headings in the Mortgage do not form part of this Mortgage but are used only for easy reference.

17.9 ***Interpretation.*** In this Mortgage the singular includes the plural and vice versa.

17.10 ***Conflicts Between Documents.*** If there is a conflict between any provision of this Mortgage and any Agreement, the relevant provision in the Agreement will prevail to the extent of the conflict.

17.11 ***Further Assurances of the Borrower.*** At the request of the Lender, the Borrower will execute such further assurances of the Property or this Mortgage as may be requisite.

17.12 ***Extent of Estate.*** And for better securing to the Lender the repayment in the manner aforesaid of the Indebtedness and the performance of the Obligations, the Borrower hereby mortgages to the Lender all of the Borrower's estate and interest in the Property.

17.13 ***Power of Attorney.*** In consideration of the mutual promises of the Lender and the Borrower in this Mortgage, the Borrower grants to the Lender, with full power of substitution, an irrevocable power of attorney coupled with an interest to perform any action or to sign any document required to allow the Lender to fully exercise the rights granted under this Mortgage or any Agreement and to deal with the Property. The Borrower ratifies in advance all actions of the Lender pursuant to such power of attorney and confirms that the Lender is not liable for any loss sustained by the Borrower or any other Person resulting from any such action or any failure to act.

17.14 ***Rights and Remedies.*** The Lender may exercise all rights and remedies in this Mortgage, any Agreement or under Applicable Laws, concurrently, cumulatively, independently and in such order and combination and at such times as the Lender sees fit. In doing so, the Lender is not obligated to exhaust any one right or remedy before exercising any of its other rights or remedies.

17.15 ***Property Located in Saskatchewan.*** If the Property is located in Saskatchewan and the Borrower is a corporation:

(a) *The Land Contracts (Actions) Act* of Saskatchewan shall have no application to any "action", as defined in that Act, with respect to this Mortgage; and

(b) *The Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Mortgage or any Agreement or to the Lender and any other Person who may have rights, powers or remedies under this Mortgage or any Agreement.

NATCAN TRUST COMPANY

Per: ______________________

Per: ______________________

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200528 Cote

SCHEDULE 1

Leasehold Mortgage

1. ***Definition.*** For the purposes of this Schedule 1, "Lease" means a lease, or any sublease, pursuant to which the Borrower has a leasehold interest, if any, in the Property;

2. ***Application to Leases.*** If the interest mortgaged is a leasehold interest, this Mortgage is to be construed as a charge upon the unexpired term of the Lease less the last day of that term.

3. ***Borrower Promises.*** The Borrower represents to the Lender that:

   (a) the Borrower has provided to the Lender a true and complete copy of the Lease;

   (b) the Lease is held by the Borrower subject only to those charges and encumbrances that are registered in the appropriate registry of deeds, land titles or land registration office at the time the Borrower signs this Mortgage;

   (c) the Lease is in good standing;

   (d) the Borrower has complied with all the Borrower's promises and agreements contained in the Lease;

   (e) the Borrower has paid all rent that is due and payable under the Lease;

   (f) the Lease is not in default; and

   (g) the Borrower has the right to mortgage the Lease to the Lender.

4. ***Borrower's Obligation.*** Where interest mortgaged is a leasehold interest, the Borrower will:

   (a) comply with the Lease and not do anything that would cause the Lease to be terminated;

   (b) immediately give to the Lender a copy of any notice or request received from the landlord;

   (c) maintain the Lease in good standing, and to renew the Lease or enter into a new lease agreement for the Property from time to time, so long as the Mortgage or Obligations or Indebtedness is outstanding;

   (d) immediately notify the Lender if the landlord advises the Borrower of the landlord's intention to terminate the Lease before the term expires; and

   (e) sign any other document the Lender requires to ensure that any greater interest in the Property that is acquired by the Borrower is charged by this Mortgage.

5. ***Default Under Lease.*** Any default under the Lease is a Default under this Mortgage.

6. ***No Changes to Lease.*** The Borrower promises the Lender that the Borrower will not, without first obtaining the written consent of the Lender:

   (a) surrender or terminate the Lease; or

   (b) agree to change the terms of the Lease.

7. ***Lender May Perform.*** The Lender may perform any promise or agreement of the Borrower under the Lease. Any amounts paid by the Lender pursuant to the Lease shall be added to and form part of the Indebtedness.

8. ***Lender Not Responsible.*** Nothing done by the Lender under this Schedule 1 will make the Lender a mortgagee in possession.

NATCAN TRUST COMPANY

Per: ______________________

Per: ______________________

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200528 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200529 Cote
Filing Date October 12th 2005 Date de Dépôt
Page 1 of/de 12 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed by: **Habitat for Humanity Toronto Inc.**

The following set of standard charge terms shall be deemed to be included in every charge in which this set of standard charge terms is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act*.

DEFINITIONS

1. In this set of Standard Charge Terms:

   (a) **"Additional Principal Amount"** means such additional amounts as may be added to the Principal Amount from time to time, including, but not limited to, municipal tax payments, insurance policy premium payments, and other costs incurred by the Chargee on behalf of the Chargor;

   (b) **"Balance Due Date"** means the date indicated in Box 9(i) in a Form 2 Charge or in the Computer Field entitled "Balance Due Date" in a ERS Charge;

   (c) **"Charge"** means a Form 2 Charge or an ERS Charge in which this set of standard charge terms is deemed to be included pursuant to the *Land Registration Reform Act* and includes any schedules attached to it, any additional provisions contained in it, any renewals or extensions thereof, amendments thereto, and includes this set of standard charge terms;

   (d) **"Charged Premises"** means the lands and premises described in the Charge, including all improvements thereto and all fixtures forming a part thereof;

   (e) **"Chargee"** means the party indicated in Box 13 in a Form 2 Charge or in the Computer Field entitled "Chargee" in an ERS Charge;

   (f) **"Chargor"** means each and every party indicated in Box 11 in a Form 2 Charge or in the Computer Field entitled "Chargor" in an ERS Charge;

   (g) **"Computer Field"** means a computer data entry field in an ERS Charge into which the names of the parties to and the terms of an ERS Charge may be indicated;

   (h) **"Condominium Act"** means the *Condominium Act*, S.O. 1998, c.19, as amended from time to time;

   (i) **"Condominium Corporation"** means the condominium corporation created by the registration pursuant to the *Condominium Act* of a Declaration in which a portion of the lands described in the Declaration are the Charged Premises;

   (j) **"Declaration"** means the declaration which, together with a description, was registered pursuant to the *Condominium Act* thereby creating the Condominium Corporation, as same may be amended from time to time;

   (k) **"Disposition"** means any sale, gift, charge, pledge, charge/mortgage, assignment, lease, sublease, transfer, parting with possession or disposition of the whole or any part of the Chargor's interest in the Charged Premises during the term of this Charge;

   (l) **"ERS Charge"** means a charge in an electronic format registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act* and the regulations made pursuant thereto;

(m) **"First Payment Date"** means the date indicated in Box 9 (f) in a Form 2 Charge or in the Computer Field entitled "First Payment Date" in an ERS Charge;

(n) **"Form 2 Charge"** means a Charge registered using a paper based system of registration pursuant to the provisions of Part 1 of the *Land Registration Reform Act* and the regulations made pursuant thereto;

(o) **"Indebtedness"** means the Principal Amount, Additional Principal Amount, costs and all other amounts payable by the Chargor under this Charge and secured by this Charge;

(p) **"Land Registration Reform Act"** means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, as amended or replaced from time to time;

(q) **"Lands"** means the lands and premises described in the Charge and includes without limitation all buildings and improvements located thereon;

(r) **"Last Payment Date"** means the date indicated in Box 9 (g) in a Form 2 Charge or in the Computer Field entitled "Last Payment Date" in an ERS Charge;

(s) **"Lease"** means a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or license of the Charged Premises;

(t) **"Mortgages Act"** means the *Mortgages Act*, R.S.O. 1990, c.M.40 and any amendments thereto;

(u) **"Outstanding Principal Amount"** means the aggregate of the portion of the Principal Amount that is outstanding from time to time under the Charge;

(v) **"Payment Amount"** means the dollar amount of money indicated in Box 9 (h) of a Form 2 Charge or in the Computer field entitled "Payment" in a ERS Charge;

(w) **"Payment Date"** means the first day of each and every month from and including the First Payment Date to and including the Balance Due Date;

(x) **"Principal Amount"** means the dollar amount of money indicated in Box 4 of a Form 2 Charge or in the Computer Field entitled "Principal" in an ERS Charge;

(y) **"Renting"** means the renting, leasing, entering into of a tenancy agreement with, or allowing occupancy by a Tenant of the whole or any part of the Charged Premises;

(z) **"Tax Account"** means an account on the Chargee's books of account relating to the Charge to which payments made by the Chargor or the Chargee pursuant to paragraph hereof may, at the option of the Chargee, be credited or debited;

(aa) **"Taxes"** means all municipal taxes, school taxes, local improvement rates and any other such amounts chargeable against the Charged Premises;

(bb) **"Term"** means the period of time from the First Payment Date to the maturity date of the Charge.

CHARGE ON THE LANDS

2. The Chargor hereby charges the Charged Premises for the purpose of securing payment of the Principal Amount, any Additional Principal Amount and all other sums which may become due and payable under the Charge and the observance and performance of all of the obligations, provisions, covenants, agreements and stipulations contained in the

Charge. The rights under this Charge cease when all monies owing have been paid in full and there has been compliance with all other obligations and requirements under the Charge.

PAYMENTS OF PRINCIPAL AND OBSERVANCE OF COVENANTS

3. (a) The Chargor shall repay the Principal Amount and any Additional Principal Amount and all other sums which may become due and payable under the Charge, in Canadian Dollars, to the Chargee at the address set out in the registered Charge or such other place as the Chargee may from time to time designate in writing.

(b) The Chargor shall comply with any request by the Chargee for preauthorized cheque payment.

(c) The Chargor shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations contained in this Charge and shall also pay any taxes, rates, levies, charges or assessments upon the Charged Premises, no matter by whom or by what authority imposed and shall also pay all such other sums as the Chargee may be entitled to.

EXCLUSION OF STATUTORY COVENANTS

4. The covenants set out in subsection 7(1) of the *Land Registration Reform Act* R.S.O. 1990, c.L.4 are expressly excluded from the Charge.

CHARGOR'S COVENANTS

5. The Chargor covenants with the Chargee:

(a) to pay all indebtedness and observe all provisos, conditions and agreements contained in this Charge at the times and in the manner set forth in this Charge, will promptly pay as they fall due all Taxes which now are or may hereafter be imposed, charged or levied upon the Charged Premises and will forthwith provide the Chargee with evidence satisfactory to it of the payment of the Taxes;

(b) that the Chargor is the lawful owner of the Charged Premises;

(c) that the Chargor has the right to give the Charge;

(d) that there are no limitations affecting title to the Charged Premises except as the records of the land registry office may disclose and except for any building and zoning by-laws with which the Chargor has complied;

(e) that on default the Chargee shall have quiet possession of the Charged Premises free from all encumbrances except as the records of the land registry office may disclose;

(f) that the Chargor will execute such further assurances of the Charged Premises as may be requisite;

(g) that the Chargor has done no act to encumber the Charged Premises except as the records of the land registry office may disclose;

(h) that the Chargor will insure the Charged Premises for the amount of not less than the full insurable value in dollars currency of lawful money of Canada; and

(i) that the Chargor releases to the Chargee all his, her or their claims upon the Charged Premises.

PAYMENTS BY THE CHARGEE

5. The Chargee may pay the amount of or satisfy any taxes, liens, rates, encumbrances, insurance or other things, now or hereafter existing or to arise or to be claimed upon the Charged Premises or any part thereof and any sum so paid shall be added to the Outstanding Principal Amount of this Charge and be payable forthwith by the Chargor, and in any case the Chargee shall be entitled to all the equities and securities of all persons so paid and is hereby authorized to retain any discharge unregistered until paid.

REPAYMENT OF ADDITIONAL PAYMENTS

6. The Chargor agrees with the Chargee that the total of all payments made by the Chargee pursuant to these Standard Charge Terms and any costs, shall:

(a) be added to the Indebtedness;

(b) be secured by this Charge; and

(c) be payable forthwith by the Chargor without demand.

POWER TO LEASE OR SELL

7. The Chargor covenants with the Chargee:

(a) that the Chargee may, on default by the Chargor of payment for 15 days, on 35 days' notice enter on and sell the Charged Premises;

(b) that the Chargee may also on default by the Chargor of payment for 15 days, on 35 days' notice enter on and lease the Charged Premises;

(c) that the Chargee may exercise the foregoing power of sale without notice or with less or different notice than that hereinbefore specified or otherwise whenever and to the extent that it is permitted from time to time by the laws of Ontario;

(d) that the Chargee may add any commission, payable to the Chargee or any related corporation, for listing the Charged Premises for sale and/or obtaining any agreement of purchase and sale that may be charged by the Chargee and added to the Outstanding Principal Amount and be a charge on the Charged Premises;

(e) that the Chargee may sell or lease the Charged Premises or any part thereof by public auction or private sale and on such terms as to credit and otherwise as shall appear to be most advantageous, and for such price as can be reasonably obtained therefore;

(f) that the Chargee may make any stipulations as to title or otherwise which it shall think proper;

(g) that the Chargee may rescind or vary any contract for sale or lease of the Charged Premises and may repossess, buy in and re-sell the Charged Premises or any part thereof without being answerable for any loss occasioned thereby;

(h) that the Chargee in the case of a sale on credit shall be bound to pay the Chargor only such monies as have been actually received from the purchaser after the satisfaction of all claims of the Chargee;

(i) that the Chargee may lease or sell without entering into actual possession of the Charged Premises and when it desires to take possession it may break locks and bolts and while in possession shall be accountable only for moneys which are actually received by it;

(j) that the Chargee may, for any of the said purposes, make and execute all agreements and assurances which it shall think fit;

(k) that the Chargee may make sales or leases from time to time of parts of the Charged Premises to satisfy any interest or portion of the Principal Amount, Additional Principal Amount or any other sums owing or in arrears leaving the Principal Amount balance together with other sums owing under the Charge secured on the remaining Charged Premises;

(l) that the Chargee may take proceedings to sell and may sell the Charged Premises for part of the moneys secured by the Charge subject to the balance of the said moneys not yet due at the time of the said sale;

(m) that the Chargee may lease or take proceedings under the Charge notwithstanding that other mortgage proceedings have been taken or are then pending;

(n) that the Chargee may apply the proceeds of any sale under the Charge firstly in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of moneys secured by the Charge.

RIGHT TO DISTRAIN

8. The Chargee may distrain for overdue Principal Amount, Additional Principal Amount and any other sum payable under the Charge. The Chargor waives the right to claim exemptions and agrees that the Chargee shall not be limited in the amount for which it may distrain.

ADDITIONAL REMEDIES

9. Upon default of payment of any Indebtedness payable hereunder at the time and in the manner in this Charge provided, in the event of non-observance by the Chargor of any covenant, proviso or agreement contained in this Charge or in any charge to which this Charge is subject, or if the Chargor commits or permits any act of waste on the Charged Premises or does any other thing by which the value of the Charged Premises is or might be diminished (as to which the Chargee shall be the sole judge) the whole of the Principal Amount and Additional Principal Amount and any other sum payable hereunder shall at the option of the Chargee forthwith become due and payable; and in default of immediate payment thereof, the security hereof shall forthwith become enforceable and all of the power of entering upon the said Charged Premises and leasing or selling the same hereby granted to the Chargee may be exercised forthwith.

ACCELERATION ON DEFAULT

10. In the event of the Principal Amount and Additional Principal Amount being payable in instalments, if any default shall at any time be made in the payment of any such instalment, the whole of the Principal Amount and Additional Principal Amount and any other sum payable hereunder shall, at the option of the Chargee, forthwith become due and payable in the like manner and the like consequences and effects to all intents and purposes whatsoever as if the time or times mentioned for payment of the whole of such Principal Amount, Additional Principal Amount and any other sum payable hereunder had fully come and expired.

QUIET POSSESSION

11. Until default of payment the Chargor shall have quiet possession of the Charged Premises.

TAXES

12. (a) The Chargor will pay all Taxes as and when they shall fall due and will within one month from the date fixed for the payment of the last instalment of Taxes in each year furnish the Chargee with receipted tax bills showing all Taxes for the year paid.

(b) Notwithstanding anything contained in paragraph 12 (a) hereof and without limiting or restricting the obligations of the Chargor thereunder,

(i) the Chargee may require the Chargor to pay to the Chargee in monthly instalments on the dates on which payments are payable under the Charge such amounts as in the opinion of the Chargee are required to total the amount of each succeeding year's Taxes by the time such Taxes or the first instalment thereof fall due, and the Chargor shall also pay to the Chargee on demand before the due date of each year's Taxes or the first instalment thereof any additional amount which may be required;

(ii) any amount deducted by or paid to the Chargee pursuant to paragraph 12(b) (i) hereof may, at the option of the Chargee, be either credited to the Chargor's Tax Account or applied against the Principal Amount then in default under the Charge. No amounts in the Tax Account shall be or be deemed to be held in trust and the Chargee shall not be obligated to pay any interest or other allowance upon any such amounts. The Chargee may, however, in its sole discretion pay interest on any credit balance in the Tax Account at a rate and at such times determined by it;

(iv) the Chargee shall apply the credit balance in the Tax Account, if any, to the payment of Taxes as they fall due or at such earlier time as the Chargee may deem fit as long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge; provided however, that the Chargee may at its option from time to time apply all or part of the credit balance in the Tax Account in or towards the payment of any Principal Amount and Additional Principal Amount in default under the Charge;

(v) if at any time the credit balance in the Tax Account is insufficient to pay the Taxes then due or payable, the Chargee may, at its option, pay such Taxes, including any deficiency. Any amounts paid by the Chargee in payment of such Taxes shall be debited to the Tax Account to the extent that the Tax Account is sufficient and the Chargee may at its option either debit the Tax Account or add to the Principal Amount and Additional Principal Amount and any other sum the amount, if any, by which the Tax Account is insufficient;

(vi) the Chargor shall transmit to the Chargee all assessment notices, tax bills and other notices affecting the imposition of Taxes forthwith after the receipt of the same by the Chargor.

INSURANCE (does not apply if your unit is a residential condominium unit)

13. The Chargor covenants with the Chargee as follows:

(a) the Chargor will insure and keep insured during the continuance of this Charge, the Charged Premises, all buildings, structures, fixtures and improvements against

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loss or damage by fire to the amount of not less than its full replaceable value. The risks to be insured include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as the Chargee may from time to time require;

(b) the Chargee may require any insurance upon or in respect of such Charged Premises to be cancelled and new insurance to be effected by an insurance company or companies approved by the Chargee, and may without reference to the Chargor effect or maintain any insurance upon or in respect of the Charged Premises in the absence of satisfactory proof of coverage;

(c) the Chargor will provide evidence satisfactory to the Chargee of the renewal of every policy of insurance at least five (5) days before the termination thereof, failing which the Chargee may provide therefore;

(d) the Chargee may require that all monies payable under any insurance policy upon or in respect of the Charged Premises be applied in payment of all or any of the Indebtedness whether or not then due and payable;

(e) all policies of insurance upon or in respect of the Charged Premises shall have any loss payable to the Chargee as its interest may appear;

(f) the Chargee will have a lien for the Indebtedness upon or in respect of the Charged Premises whether affected pursuant to the foregoing covenants or not;

(g) the Chargee may, at its option, arrange for insurance coverage and require the Chargor to pay to the Chargee in monthly instalments on the dates on which Payments are payable under the Charge such amounts as in the opinion of the Chargee are required to pay the insurance premiums in each year of the Charge.

REPAIR

14. The Chargor covenants with the Chargee as follows:

(a) the Chargor will keep the Charged Premises in good condition and repair according to the nature and description of the Charged Premises;

(b) the Chargor will permit the Chargee whenever the Chargee deems necessary to enter upon and inspect the Charged Premises whether in person or by its agent;

(c) the Chargor will promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions and regulations of every Governmental authority or agency, whether federal, provincial or municipal, concerning the Charged Premises and will at the Chargor's own cost and expense make any and all improvements thereon or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time by any such present or future law, rule, requirement, order, direction or regulation;

(d) the Chargee may make such repairs as it deems necessary and the cost thereof and of such inspection shall be payable forthwith, and shall be added to the Principal Amount and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge;

(e) if the Chargor neglects to keep the said Charged Premises in good condition and repair or commits or permits any act of waste on the Charged Premises (as to which the Chargee shall be sole judge) or makes default as to any of the covenants or provisos contained in the Charge or in any charge to which the Charge is subject or upon discovery by the Chargee that any covenant contained in the Charge is untrue or upon registration of any construction lien against the Charged Premises or upon the Chargor allowing any buildings erected upon the Charged

Premises to remain unfinished or without any work being done thereon for ten (10) days, the Principal Amount shall at the option of the Chargee forthwith become due and payable, and in default of payment of same the powers of entering upon and leasing or selling hereby given it and all other remedies under the Charge may be exercised forthwith.

SATISFACTION OF LIENS

15. The Chargee may pay and satisfy any liens, taxes, rates, charges or encumbrances now or hereafter existing, or to arise or to be claimed upon the Charged Premises or in respect of the Principal Amount secured by the Charge, and all amounts so paid, together with all costs, charges and expenses (as between solicitor and client) which may be incurred in taking, recovering and keeping possession of the Charged Premises, or in inspecting or protecting the same, or in maintaining or preserving or realizing upon the Charge, or in exercising any of the powers contained in the Charge, or that may be otherwise incurred in relation to the Charge, shall be added to the Principal Amount and be a charge on the Charged Premises in favour of the Chargee in the same manner as all other moneys secured by the Charge and shall be payable forthwith by the Chargor to the Chargee, and in default of payment the Principal Amount shall at the option of the Chargee thereupon become payable, and the powers of sale hereby given and all the other remedies hereunder shall be exercisable. In the event of the Chargee satisfying any such lien, charge or encumbrance, either out of the money advanced on the Charge or otherwise it shall be entitled to all the equities and securities of the person or persons so paid off, and is hereby authorized to retain any discharge thereof, without registration, for so long as it may think fit so to do.

COSTS

16. The Chargor will on or before the next succeeding Payment Date pay to the Chargee all costs and expenses (as between solicitor and client) incurred by the Chargee in endeavouring to collect any money overdue under the Charge whether legal proceedings are instituted or not, and that, if the Chargor does not before the expiry of one month from the date fixed by the municipality for the payment of the last instalment of taxes in each year, furnish the Chargee with receipted tax bills showing all taxes for the year paid, the Chargor will on or before the next succeeding Payment Date pay to the Chargee the cost of obtaining tax certificates from the Treasurer of the municipality, and the amount of such costs and expenses shall be a charge upon the Lands in favour of the Chargee.

CONDOMINIUMS (If your property is a condominium unit, you must also comply with paragraph 17 in addition to all other provisions of the Charge. You do not however, have to comply with paragraph 13.)

17. The corporation created by the registration of a declaration under the *Condominium Act*, R.S.O. 1990, c.C.26 or the *Condominium Act*, S.O. 1998, c.C.19 (as amended or replaced) is called the "Condominium Corporation".

a) the Chargor will comply with the *Condominium Act* and with the Declaration, by-laws and rules and regulations of the Condominium Corporation as they exist from time to time;

b) the Chargor will pay all amounts required by the *Condominium Act* and by the Declaration and by-laws of the Condominium Corporation on or before they are due and, if the Chargee requests, give it proof that the Chargor has done so. The Chargor must pay all common expenses. If the Chargor does not make any payments which the Chargor is obligated to pay, the Chargee may do so on the Chargor's behalf and add such amounts to the Principal Amount;

c) the Chargor shall mail to the Chargee by prepaid registered mail, or deliver to the Chargee, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of the Chargee to consent to any matter, and every other communication relating to the Chargor's unit or the common elements of the Condominium Corporation so that the Chargee receives them at least five (5) days before any claim or demand is payable or, in the case of other communications, within five (5) days of the date received by the Chargor;

d) (i) the Chargor authorizes the Chargee, in his, her or their name(s) and on his, her or their behalf, and whether or not the Chargor is in default, to exercise the Chargor's rights under the *Condominium Act* to vote at any meeting of the Condominium Corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the Condominium Corporation or the termination of the application of the *Condominium Act* to the Condominium Corporation;

(ii) the Chargee may wish not to use its rights to vote or consent, and in such case, it may notify the Condominium Corporation, in which case the Chargor may vote or consent. The Chargee's wish not to vote or consent can be for a limited time or for a particular meeting or matter. When the Chargee does vote or consents for the Chargor, it does not then become a mortgagee in possession and is not responsible to protect the Chargor's interests nor for the way in which the Chargee votes, or consents or fails to do so;

(e) at the option of the Chargee, the Principal Amount will become payable immediately if:

(i) government of the property of the Condominium Corporation under the *Condominium Act* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the Condominium Corporation or of a part of its common elements;

(iii) the Condominium Corporation fails to comply with the *Condominium Act*, Declaration, by-laws or rules and regulations;

(iv) the Condominium Corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(v) the Condominium Corporation fails, in the opinion of the Chargee, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the Condominium Corporation fails to insure all the condominium units and common elements according to law and any additional requirements the Chargee may have or fails to do all that is necessary to collect insurance proceeds;

(f) under the *Condominium Act*, the Condominium Corporation must obtain appropriate insurance. In addition, the Chargor must insure all improvements which at any time have been made to the Charged Premises against loss or damage by fire and, as well, against such additional risks as the Chargee may require. The Chargee must approve the insurance company or companies. The Chargor and the Condominium Corporation or both must assign and transfer the policy or policies of insurance and receipts thereof to the Chargee and if the Chargor of the Condominium Corporation, or both, fail to keep the buildings and improvements insured or provide the Chargee at least fifteen (15) days notice before the termination of any insurance, evidence or renewal, the Chargee is entitled, but not obligated, to insure the buildings or improvements. The Chargor must, if requested, provide the Chargee with certified copies of every insurance policy. If any loss or damage occurs, the Chargor will immediately, at his, her or their expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. These proceeds, as may be permitted by law, may at the choice of the Chargee, in whole or in part be applied to repair the damage, be paid to the Chargor or be applied to reduce any part of the Principal Amount whether or not yet due.

The obligation to insure may be performed by the Condominium Corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the Condominium Corporation. The Chargor covenants that, in the event of loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as member of the Condominium Corporation, the Chargor will insist that the Condominium Corporation fully complies with these terms.

DISCHARGES

18. The Chargee shall have a reasonable time after payment of the Principal Account in full within which to prepare and execute a Discharge or Cessation of Charge; and all legal and other expenses for the preparation and execution of such Discharge or Cessation of Charge shall be borne by the Chargor.

FIXTURES

19. All components associated with the HVAC system, cabinets and equipment, water heaters, electric light fixtures, screen doors and windows, and plumbing and all apparatus and equipment appurtenant thereto now or hereafter placed or installed upon the Lands shall, for all purposes of the Charge, be fixtures and form part of the Lands whether or not affixed in law to the Lands.

NON-WAIVER AND JUDGMENTS

20. (a) No failure to enforce, at any time or from time to time, any of the rights of the Chargee shall prejudice such rights or any other rights of the Chargee, nor shall any waiver by the Chargee of any default by the Chargor operate as a waiver by the Chargee of a subsequent default or to prejudice any rights of the Chargee on such subsequent default.

(b) The obtaining of a judgment or judgments on any covenant, proviso or agreement herein contained shall not operate as a merger of such covenant, proviso or agreement.

FAMILY LAW ACT

21. The Chargor certifies that all information provided as to his, her or their spousal status at the time of application for a home from the Chargee, and the statements made herein and in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c.F.3 (as amended or replaced).

DUE ON DISPOSITION

22. If the Chargor disposes of the Charged Premises, or agrees to do so, during the Term of the Charge, the Principal Amount shall immediately become payable in full.

INSPECTION

23. If the Chargee, or its agents, have reason to believe that the Charged Premises is not in

conformity with any federal, provincial or municipal law or regulation respecting the environment, the Chargee, or its agents, may, at any time, before or after default, enter and inspect the Charged Premises and conduct any environmental testing, site assessment, investigation or study which the Chargee considers necessary. The reasonable cost of such testing, assessment, investigation or study, will be immediately payable by the Chargor and shall be a charge against the Charged Premises. The Chargee or its respective agents will not become a mortgagee in possession, management or control by exercising these rights.

EXPROPRIATION

24. If the entire Charged Premises is expropriated, the Principal Amount will immediately become due and payable. If only a part of the Charged Premises is expropriated, any amount which is awarded to the Chargor for the partial expropriation will be paid to the Chargee and credited to the Principal Amount. If, in the opinion of the Chargee, the remainder of the Charged Premises does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as determined by the Chargee, will immediate become due and payable.

INTERPRETATION

25. (a) Whenever two or more persons are under a liability under this Charge such liability shall be joint and several.

(b) The words "Chargor" and the personal pronoun "he" or "his" relating thereto and used therewith shall be read and construed as "Chargor" or "Chargors" and "he" or "she", "his", "her" or "their" respectively, as the number and gender of the party or parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted; that all rights, advantages, privileges, immunities, powers and things secured by the Charge to the Chargee shall be equally secured to or exercisable by its successors and assigns; that all covenants and liabilities entered into or imposed under the Charge upon the Chargor shall be equally binding upon their respective heirs, executors, administrators and assigns or successors and assigns as the case may be; that all such covenants, liabilities and obligations shall be joint and several; that time shall be of the essence of the Charge; and that all provisions hereof shall have effect, any statute to the contrary notwithstanding.

(c) Headings are not to be considered part of these standard charge terms and are included solely for convenience of reference and are not intended to be full or accurate descriptions of the contents of the paragraphs to which they relate.

(d) This Charge shall bind the Chargor's legal and personal representatives.

(e) Any agreement to make any material changes to the Charge terms and conditions, including, without limitation, any extension of time for payments, or extensions of the Term, will apply not only to those who agree to the changes in writing but also to any person who signed the original Charge but did not agree to the changes in writing.

(f) This Charge shall be deemed to be dated, if the Charge is an ERS Charge, as of the date of delivery for registration of the ERS Charge and, if the Charge is a Form 2 Charge, as of the date of signature of the Chargor, unless, in either case, as otherwise specifically provided.

(g) The delivery of an ERS Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the ERS Charge was in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor, and any other party to the Charge agrees not to raise in any proceedings by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the ERS Charge for registration to do so.

Dated the 13th day of September, 2005.

Per: ________________________
Neil Hetherington
Authorized Signing Officer

Per: ________________________
Jill Peddicord
Authorized Signing Officer

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200529 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200530 Cote
Filing Date 28th Oct. 2005 Date de Dépôt
Page 1 of/de 27 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

STANDARD CHARGE TERMS
RESIDENTIAL

HSBC

Filing Date:____________,2005

Filing Number:

Filed By: HSBC Trust Company (Canada)

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The following set of standard charge terms is deemed to be included in every charge in which this set of standard charge terms is referred to by its filing number, including, without limitation, electronic documents submitted for registration under Part III of the *Land Registration Reform Act*, as provided in Section 9 of the *Land Registration Reform Act*.

1. DEFINITIONS

In this set of standard charge terms:

(a) **"Additional Principal Amounts"** means any additional principal amounts advanced by the Lender to the Borrower at the Lender's option, from time to time under the Charge.

(b) **"Amount of Each Periodic Payment"** means the dollar amount of each payment as set out in the Charge or such other amount as may be agreed to between the parties.

(c) **"Balance Due Date"** means the date indicated in the Charge as the date the loan is intended to be repaid.

(d) **"Borrower"** means the person or persons named in the Charge as Chargor and his, her or its successors and permitted assigns.

(e) **"CMHC"** means Canada Mortgage and Housing Corporation.

(f) **"CMHC-insured Mortgage"** means a mortgage which is insured by CMHC and governed by the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time.

(g) **"Charge"** means the Charge/Mortgage of Land Form 2 under the *Land Registration Reform Act* or the Charge/Mortgage in electronic format as provided by Part III of the *Land Registration Reform Act* and includes all schedules and addenda to such document and any renewals, extensions and amendments and includes these standard charge terms.

(h) **"*Condominium Act*"** means the *Condominium Act*, R.S.O. 1998, c.19, as amended or replaced from time to time.

(i) **"Condominium Corporation"** means the corporation created pursuant to the *Condominium Act* and governing the administration of the building of which the Lands form part.

(j) ***"Construction Lien Act"*** means the *Construction Lien Act*, R.S.O. 1990, c.C.30, as amended or replaced from time to time.

(k) **"Covenantor"** means any person who is named in the Charge as a covenantor or guarantor or who, as a covenantor or guarantor, has otherwise covenanted in writing to pay the Principal Amount, interest thereon and all other monies owing to the Lender under the Charge.

(l) **"First Payment Date"** means the First Payment Date indicated in the Charge.

(m) **"Fixed Rate Mortgage"** means a mortgage which has a fixed rate of interest specified in the Charge.

(n) **"Fixtures"** means fixtures and improvements, fixed or otherwise, including, without limiting the generality of the foregoing, all fences, above ground and underground storage tanks, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, appliances, window blinds, radiators and covers, fixed mirrors, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight.

(o) **"Interest Adjustment Date"** means the Interest Adjustment Date indicated in the Charge.

(p) **"Interest Calculation Period"** means the Calculation Period indicated in the Charge.

(q) **"Interest Rate"** means the interest rate per annum expressed in words and/or numbers in the Charge, calculated at the end of each Interest Calculation Period, or such other rate as may be agreed to between the Lender and the Borrower. Where the rate set out in the Charge includes a reference to the Prime Rate, the Interest Rate in such instance shall vary as at the date of any change in the Prime Rate.

(r) ***"Land Registration Reform Act"*** means the *Land Registration Reform Act*, R.S.O. c.L.4, as amended or replaced from time to time.

(s) **"Lands"** means the entire right, title and interest of the Borrower in and to the lands and premises set out or referred to in the Charge, together with all benefits, easements, licenses, privileges and rights of way appertaining thereto or connected therewith, together with all buildings, erections and Fixtures now on or hereafter put upon such lands.

(t) **"Last Payment Date"** means the Last Payment Date indicated in the Charge.

(u) **"Lease"** or **"Leases"** includes a written or unwritten lease, sublease, agreement to lease, tenancy, licence, right of use or occupation, right of first refusal to lease, option to lease or licence, together with all renewals, extensions, modifications, replacements and assignments thereof.

(v) **"Leasehold Rents"** means all rents and other payments due or accruing due or at any time hereafter to become due and payable by the Borrower pursuant to Leases, including taxes, assessments, rates, costs or charges of whatever kind.

(w) **"Lender"** means HSBC Trust Company (Canada), its successors and any person to whom the Charge is transferred.

(x) "*Mortgages Act*" means the *Mortgages Act*, R.S.O. 1990, c.M.40, as amended or replaced from time to time.

(y) "**Outstanding Principal Amount**" means the aggregate of the portion of the Principal Amount and any Additional Principal Amounts that are outstanding from time to time under the Charge.

(z) "**Payment Date**" or "**Payment Dates**" means the Payment Date indicated in the Charge or such other date or dates or day or days as may be agreed to between the parties.

(aa) "**Permitted Encumbrances**" means encumbrances registered against the Lands in priority to the Charge which the Lender has consented to in writing.

(bb) "**Place of Payment**" means the address for service of the Lender set out in the Charge, or such other place as the Lender may designate from time to time.

(cc) "**Prime Rate**" means the floating annual rate of interest established and announced as such from time to time by the Lender as a reference rate for determining interest rates it will charge on loans denominated in Canadian dollars in Canada.

(dd) "**Principal Amount**" means the Principal Amount indicated in the Charge.

(ee) "**Rents**" means all rents and other monies due or accruing due or at any time hereafter to become due pursuant to any Leases with respect to the Lands or any part thereof and the benefit of all guarantees of payment and all covenants to pay therein.

(ff) "**Reversion**" has the meaning given to it in section 14 of this set of standard charge terms.

(gg) "**Taxes**" means all taxes, duties, assessments and local improvement rates chargeable against the Lands and all penalties and interest payable in connection therewith.

(hh) "**Term**" means the period of time from the Interest Adjustment Date to the Balance Due Date, or such other period of time as may be agreed upon by the parties.

(ii) "**Unit**" has the meaning given to it in the *Condominium Act*.

(jj) "**Variable Rate Mortgage**" means a mortgage on which interest is payable at a floating rate of interest based on the Prime Rate plus the number of percentage points per annum, if any, as specified in the Charge.

2. CHARGE

For valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the Borrower hereby charges the Lands with the payment to and in favour of the Lender of the Principal Amount, interest thereon and all other monies owing under the Charge and the performance of all covenants, agreements and obligations secured by the Charge upon the terms set out in the Charge.

3. INTEREST RATE

(a) Fixed Rate Mortgage

If the Charge is a Fixed Rate Mortgage, the rate of interest chargeable on the Outstanding Principal Amount and all other monies payable under the Charge shall be the Interest Rate, calculated half-yearly, not in advance, as well after as before maturity, default and judgment until payment in full.

(b) Variable Rate Mortgage

If the Charge is a Variable Rate Mortgage, the rate of interest chargeable on the Outstanding Principal Amount and all other monies payable under the Charge shall be the Interest Rate, calculated monthly, not in advance, as well after as before maturity, default and judgment until payment in full.

The Interest Rate will vary automatically, without notice to the Borrower, each time there is a change in the Prime Rate. The Interest Rate will always be the Prime Rate as adjusted by the number of percentage points per annum, if any, set out or referred to in the Charge, calculated monthly, not in advance.

In the event that it may be necessary at any time for the Lender to prove the Prime Rate applicable as at any time or times, a certificate in writing of an authorized employee of the Lender setting forth the Prime Rate as at any time or times shall be deemed to be *prima facie* evidence as to the Prime Rate at such time.

The Interest Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in section 9 of this set of standard charge terms. The Borrower may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

(c) Maximum Legal Interest Rate

If the Interest Rate would, except for this section 3, exceed the maximum rate permitted under the laws of Ontario or the laws of Canada having effect in Ontario, then the Interest Rate shall be such maximum rate.

4. REDEMPTION PROVISION

The provisions relating to defeasance contained in subsection 6(2) of the *Land Registration Reform Act* shall be and are hereby expressly excluded from the terms of the Charge.

Subject to section 7 of this set of standard charge terms, the Charge except for section 23 shall, on request from the Borrower to the Lender in writing, be void:

(a) on payment to the Lender of the Principal Amount plus interest thereon at the Interest Rate, as follows:

  (i) Interest at the Interest Rate on the Principal Amount advanced, computed from the date of such advance up to and including the Interest Adjustment Date shall become due and be paid on the Interest Adjustment Date. At the option of the Lender, interest so due and payable may be deducted from any such advance;

  (ii) Thereafter, the Principal Amount advanced, together with interest thereon at the Interest Rate, computed from the Interest Adjustment Date, shall become due and be paid by regular instalments in the Amount of Each Periodic Payment on each and every Payment Date from and including the First Payment Date, to and including the Last Payment Date, and the balance, if any, of the Principal Amount and interest thereon, shall become due and be paid on the Balance Due Date;

(b) on payment to the Lender of any Additional Principal Amounts with interest thereon at the Interest Rate at the times and in the manner agreed to by the Borrower and the Lender,

(c) on payment of all other monies owing by the Borrower under the Charge; and

(d) on the observance and performance of all covenants, provisos and conditions required to be observed or performed by the Borrower under the Charge.

5. WITHHOLDINGS FROM PAYMENTS

If the Borrower is required by law to make any deduction or withholding from any sum payable by the Borrower to the Lender under the Charge, then the sum payable by the Borrower shall be increased to the extent necessary to ensure that, after making such deduction or withholding, the Lender receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which the Lender would have received and so retained had no such deduction or withholding been made or required to be made; and the Borrower shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Lender within thirty (30) days after such payment a receipt issued by such authority evidencing such payment. Alternatively, the Lender, at its option, may agree to make such deduction and remit same to the relevant taxation or other authority on behalf of the Borrower. If the Lender remits amounts on behalf of the Borrower, the Borrower shall remain liable for all amounts owing to the relevant taxation or other authority and shall pay to the Lender, on demand, any additional amounts that may be payable to the taxation or other authority or shall provide evidence that the full amount has been paid to the taxation or other authority.

6. COMPOUND INTEREST

If default is made in payment of interest at any time appointed for payment thereof, interest shall be payable thereon and the sum in arrears for interest from time to time, as well after as before maturity or judgment, shall itself bear interest at the Interest Rate, and in case the interest and compound interest are not paid on the next Payment Date after the date of default, compound interest at the Interest Rate shall be payable on the aggregate amount then due, as well after as before maturity or judgment, and so on from time to time, and all such interest and compound interest shall be added to the monies secured by the Charge and form a charge on the Lands.

7. ADDITIONAL ADVANCES

Upon repayment to the Lender of the Principal Amount in whole or in part, the Borrower may from time to time, at the Lender's option, borrow Additional Principal Amounts, in which event, the Charge will remain as security for the Outstanding Principal Amount, interest and other monies from time to time owing by the Borrower to the Lender whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, provided that the Charge at any one time secures only that portion of the Outstanding Principal Amount not exceeding the Principal Amount, together with any interest or compound interest accrued on the Outstanding Principal Amount at the Interest Rate and other amounts secured hereby.

This Charge will be general and continuing security and is made to secure a current or running account. For greater certainty, the Charge shall not be deemed to have been redeemed by reason only that: (a) advances made under it are repaid; or (b) the account of the Borrower with the Lender ceases to be in debit.

Notwithstanding anything contained in the Charge, the Lender may, at its option and without notice to the Borrower, or at the Borrower's request, provide a discharge of the Charge at any time when there are no monies owing or liabilities outstanding to the Lender from the Borrower.

8. PREPAYMENT

The Borrower has no right to prepay all or any part of the Principal Amount except as otherwise agreed to between the Lender and the Borrower from time to time.

9. EQUIVALENT INTEREST RATES

The following table sets out interest rates calculated half-yearly, not in advance which are equivalent to interest rates calculated monthly, not in advance for a Variable Rate Mortgage. The equivalent rate table is for disclosure purposes of the *Interest Act* (Canada) and does not affect the calculation of interest under a Variable Rate Mortgage. The Borrower may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATE TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
2.000	2.00835	14.500	14.94514
2.125	2.13443	14.625	15.07791
2.250	2.26057	14.750	15.21075
2.375	2.38678	14.875	15.34366
2.500	2.51306	15.000	15.47664
2.625	2.63940	15.125	15.60968
2.750	2.76580	15.250	15.74279
2.875	2.89228	15.375	15.87597
3.000	3.01881	15.500	16.00922
3.125	3.14542	15.625	16.14254
3.250	3.27208	15.750	16.27593
3.375	3.39882	15.875	16.40939
3.500	3.52562	16.000	16.54291
3.625	3.65249	16.125	16.67650
3.750	3.77942	16.250	16.81016
3.875	3.90642	16.375	16.94389
4.000	4.03348	16.500	17.07769
4.125	4.16061	16.625	17.21156
4.250	4.28781	16.750	17.34550
4.375	4.41507	16.875	17.47950
4.500	4.54240	17.000	17.61358
4.625	4.66979	17.125	17.74772
4.750	4.79725	17.250	17.88193
4.875	4.92478	17.375	18.01621
5.000	5.05237	17.500	18.15056
5.125	5.18003	17.625	18.28498
5.250	5.30776	17.750	18.41947
5.375	5.43555	17.875	18.55403
5.500	5.56341	18.000	18.68865
5.625	5.69133	18.125	18.82335
5.750	5.81932	18.250	18.95811
5.875	5.94738	18.375	19.09295
6.000	6.07550	18.500	19.27785
6.125	6.20369	18.625	19.36282
6.250	6.33195	18.750	19.49766
6.375	6.46027	18.825	19.63297
6.500	6.58866	19.000	19.76815
6.625	6.71711	19.125	19.90340
6.750	6.84564	19.250	20.03872
6.875	6.97423	19.375	20.17411
7.000	7.10288	19.500	20.30956
7.125	7.23160	19.625	20.44509
7.250	7.36039	19.750	20.58068
7.375	7.48925	19.875	20.71635
7.500	7.61817	20.000	20.85208
7.625	7.74716	20.125	20.98789
7.750	7.87621	20.250	21.12376
7.875	8.00534	20.375	21.25971
8.000	8.13452	20.500	21.39572
8.125	8.26378	20.625	21.53180

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
8.250	8.39310	20.750	21.66796
8.375	8.52249	20.875	21.80418
8.500	8.65195	21.000	21.94047
8.625	8.78147	21.125	22.07683
8.750	8.91106	21.250	22.21326
8.875	9.04072	21.375	22.34977
9.000	9.17045	21.500	22.48634
9.125	9.30024	21.625	22.62298
9.250	9.43010	21.750	22.75969
9.375	9.56002	21.875	22.89647
9.500	9.69002	22.000	23.03332
9.625	9.82008	22.125	23.17024
9.750	9.95021	22.250	23.30724
9.875	10.08040	22.375	23.44430
10.000	10.21066	22.500	23.58143
10.125	10.34099	22.625	23.71863
10.250	10.47139	22.750	23.85590
10.375	10.60185	22.875	23.99324
10.500	10.73238	23.000	24.13066
10.625	10.86298	23.125	24.26814
10.750	10.99365	23.250	24.40569
10.875	11.12438	23.375	24.54331
11.000	11.25519	23.500	24.68101
11.125	11.38605	23.625	24.81877
11.250	11.51699	23.750	24.95660
11.375	11.64800	23.875	25.09451
11.500	11.77909	24.000	25.23248
11.625	11.91021	24.125	25.37053
11.750	12.04141	24.250	25.50865
11.875	12.17269	24.375	25.64683
12.000	12.30403	24.500	25.78509
12.125	12.43544	24.625	25.92342
12.250	12.56692	24.750	26.06181
12.375	12.69846	24.875	26.20028
12.500	12.83008	25.000	26.33882
12.625	12.96176	25.125	26.47743
12.750	13.09351	25.250	26.61611
12.875	13.22533	25.375	26.75486
13.000	13.35721	25.500	26.89369
13.125	13.48916	25.625	27.03258
13.250	13.62118	25.750	27.17154
13.375	13.75327	25.875	27.31058
13.500	13.88543	26.000	27.44969
13.625	14.01766	26.125	27.58886
13.750	14.14995	26.250	27.72811
13.875	14.28231	26.375	27.86743
14.000	14.41474	26.500	28.00682
14.125	14.54724	26.625	28.14628
14.250	14.67981	26.750	28.28581
14.375	14.81244	26.875	28.42541

10. TAXES

The Borrower shall pay or cause to be paid all Taxes as they fall due and shall provide the Lender with receipts confirming such payment within thirty (30) days after they become due. If the Borrower fails to make such payments, as required in this section 10, the Lender shall be entitled but shall not be obliged to make those payments and the amounts thereof shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

The Borrower shall provide to the Lender the assessment notices, tax bills and other notices effecting the imposition of Taxes immediately upon receipt by the Borrower.

11. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(1) of the *Land Registration Reform Act* shall be and are hereby expressly excluded from the terms of the Charge.

12. BORROWER'S COVENANTS

The Borrower covenants with the Lender that:

(a) the Borrower will pay in the manner provided in the Charge, the Outstanding Principal Amount, interest at the Interest Rate and Taxes;

(b) if the Charge is a mortgage of a fee simple estate, the Borrower has a good title in fee simple to the Lands;

(c) the Borrower has the right to give the Charge to the Lender;

(d) if the Borrower is in default, the Lender shall have possession of the Lands free from all encumbrances other than Permitted Encumbrances;

(e) the Borrower will execute such further assurances of the Lands as may be required by the Lender;

(f) the Borrower has not done, omitted or permitted anything whereby the Lands are or may be encumbered other than Permitted Encumbrances;

(g) the Borrower releases to the Lender all his, her or its claims on the Lands subject to the redemption provision set out in Section 4 of this set of standard charge terms; and

(h) provided that until default, the Borrower shall have quiet possession of the Lands.

13. INSURANCE

The Borrower shall immediately insure and keep insured in favour of the Lender against loss or damage by fire and other insurable risks, hazards and perils which the Lender may require, including risks and perils covered by an "all risks" policy, for the full insurable value in lawful money of Canada on a replacement cost basis, each and every building on the Lands and which may hereafter be constructed thereon, both during construction and thereafter and all Fixtures, and all other risks, hazards and perils of any nature or kind which the Lender may require depending on the nature of the Lands or the use thereof, with an insurance company duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose when due. Each policy of insurance shall provide that any loss shall be payable to the Lender in priority to every person, subject to an Insurance Bureau of Canada approved standard mortgage clause or other mortgage clause acceptable to the Lender, and shall contain an undertaking by the insurer to notify the Lender in writing, not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof.

The Borrower has delivered to the Lender a copy of the policy or policies evidencing the insurance and any receipts for the premiums thereon and will provide to the Lender, at least fifteen (15) days prior to the expiry of a policy or at least five (5) days prior to the termination or cancellation of any policy, evidence of renewal or replacement of the policy.

If the Borrower is in breach of any of the covenants in this section 13, the Lender shall be entitled but shall not be obliged to obtain insurance for the Lands or any part thereof, with no duty to account for the proceeds thereof, and if the Lender pays any premiums or sums for such purpose the amount of such payment shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

If all or any part of the Lands are damaged or destroyed, the Borrower shall immediately furnish at the Borrower's own expense all necessary proofs of claim and do all necessary acts to enable the Lender to obtain payment of the insurance monies. The production of a copy of the Charge shall be sufficient authority for any insurance company to pay any such loss to the Lender or to accept instructions from the Lender dealing with the loss.

Any insurance monies received may, at the option of the Lender and in such amounts as it elects, be applied in rebuilding, reinstating or repairing the Lands, be applied to such portion of principal, interest, or other monies secured by the Charge whether due or not, or be paid to the Borrower or any other person appearing by the registered title to be or to have been the owner of the Lands. No damage may be repaired nor any reconstruction effected by the Borrower without the prior written approval of the Lender.

If all or any part of the Lands is or becomes a Unit, the Borrower shall, or shall cause the Condominium Corporation, to observe and perform all covenants required to be observed and performed by the Borrower in this section 13, and shall:

(a) immediately on the happening of any loss or damage to the Lands, comply fully with the terms of the policy or policies of insurance and, without limiting the generality of the obligation of the Borrower under section 39 of this set of standard charge terms, with the insurance provisions relating to the condominium building of which the Lands form a part;

(b) cause any insurance monies to be made payable to the Condominium Corporation or, if any insurance trustees are designated by the bylaws, to named insurance trustees, and to be made payable firstly to the Lender in the event that the Condominium Corporation resolves not to repair or replace the damaged Unit, buildings, common property, common facilities and other insurable improvements in respect thereof as provided in the *Condominium Act*;

(c) cause all applicable policies of insurance to contain an Insurance Bureau of Canada approved standard mortgage clause or other mortgage clause acceptable to the Lender to be effective in the event that the Condominium Corporation resolves not to repair or replace the damaged Unit, buildings, common property, common facilities and insurable improvements in respect thereof; and

(d) if, in the reasonable opinion of the Lender, the insurance carried by the Condominium Corporation is deemed inadequate, at the Lender's request, carry a separate policy of insurance on each Unit forming part of the Lands at the Borrower's own cost.

14. LEASEHOLD PROVISIONS

If the interest of the Borrower in all or any part of the Lands derives from a Lease or Leases, then the following additional provisions apply with respect to such interest and to each Lease:

(a) The Borrower hereby grants, mortgages, demises, subleases and charges to the Lender all estate, term, right, title and interest of the Borrower in and to the Lease and the Lands together with any and all other, further or additional estate, term, right, title and interest therein or any part thereof acquired by the Borrower and all benefit and advantage therefrom including any right or option to purchase or to lease, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "**Reversion**"), as security for the payment to the Lender of the Principal Amount, interest thereon and all other monies owing under the Charge and the performance of all covenants, agreements and obligations secured by the Charge upon the terms set out in the Charge.

(b) If the Lease requires the consent of the lessor under the Lease to the mortgage, demise, sublease and charge created by the Charge, such mortgage, demise, sublease and charge shall not become effective until, but shall become effective immediately when, all consents necessary for the validity and effectiveness of the Charge have been obtained or have become unnecessary, and the Borrower shall immediately obtain and provide to the Lender all such consents.

(c) The Borrower represents and warrants to the Lender as follows:

  (i) the Borrower has good leasehold title to the Lands free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Lender;

  (ii) the Lease is, at the time of registration of the Charge, a good, valid and subsisting Lease and has not been surrendered or forfeited or become void or voidable and the Borrower has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;

  (iii) there have been no modifications to the Lease that have not been provided to the Lender;

  (iv) the Leasehold Rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Borrower up to the date of the Charge;

  (v) the Borrower has a good right, full power and lawful and absolute authority to mortgage, demise, sublease and charge the Lease to the Lender in the manner aforesaid and has obtained the consent of the lessor under the Lease to the Charge to the extent required under the Lease.

(d) The Borrower shall stand possessed of the Reversion in trust for the Lender to assign and dispose of the Reversion or any renewal or substituted term of the Lease in such manner as the Lender may direct (subject to the right of redemption in the Charge).

(e) The Borrower shall pay the Leasehold Rents and shall observe and perform all covenants contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Borrower shall indemnify the Lender against all actions, claims and demands whatsoever in respect of the Leasehold Rents and anything relating to the Lease.

(f) The Borrower shall not transfer, assign, sublease, surrender or terminate the Lease or any of the Borrower's rights or interest in the Lease except as provided in the Charge.

(g) The Borrower shall not alter the Lease or permit any amendment of the terms of the Lease without the prior written consent of the Lender.

(h) The Borrower shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and, subject to any contrary directions from the Lender, shall exercise any such options or rights so as to maintain or continue the term of the Lease.

(i) Any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Lender to demand repayment of all monies secured by the Charge with accrued interest thereon.

(j) If the Borrower becomes the owner of the freehold of the lands and premises demised by the Lease, the Charge shall increase to be a mortgage of the freehold interest in such lands and premises to the same extent and effect as if the Borrower had been the owner of the freehold, free from encumbrances, at the date of the Charge. For the purpose of giving effect to the foregoing, the Borrower does hereby grant, mortgage and charge the freehold interest in the Lands and premises demised by the Lease to and in favour of the Lender, such grant, mortgage and charge to take effect upon the Borrower acquiring freehold title to such lands and premises.

(k) The Borrower shall immediately notify the Lender of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor.

(l) In the event of any default under the Lease, the Lender shall, at its option but without incurring any liability to do so, be entitled to pay such Leasehold Rents or observe or perform such covenant, and all monies expended by the Lender in so doing shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Borrower's leasehold interest in the Lands.

(m) The Borrower hereby irrevocably appoints the Lender to be the attorney of the Borrower during the continuance of the Charge to assign the term of the Lease as the Lender may at any time direct, to enforce any covenants of the lessor under the Lease, to exercise any options to renew the Lease in the Lender's discretion and to execute any other document or do any other act or thing which the Lender is permitted or the Borrower is permitted or required to do under the provisions of the Lease.

(n) Any reference in the Charge to any charges payable in respect of the Lands shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Borrower under the Lease.

(o) No action taken by the Lender pursuant to this section 14 will make the Lender a mortgagee in possession.

15. LIENS AND CONSTRUCTION

The Borrower shall not permit any lien to be registered against the Lands or any part thereof under the *Construction Lien Act*, or under any other statute or law. In the event that a lien is registered against the Lands or any part thereof, the Lender may, but shall not be obliged to, pay into court such amounts as may be required to remove such lien from title to the Lands. Any monies so paid by the Lender, together with all costs, charges, and expenses incurred by the Lender in connection therewith, (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis), shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

If the Charge relates to construction on the Lands, the Borrower shall establish, maintain and operate at all relevant times a holdback account or accounts in the manner required by the *Construction Lien Act* and provide to the Lender any information relating to such holdback accounts as the Lender may from time to time request. The Borrower shall use any funds in the holdback account only as permitted by the *Construction Lien Act* and shall not disburse funds from the holdback accounts until the expiry of all applicable lien filing periods. The Lender may require any part of the Principal Amount to be deposited in any such holdback accounts at such times and in such amounts as the Lender in its sole discretion may determine.

In no case are unadvanced portions of the Principal Amount to be considered by the Borrower or any other person to be a holdback under the *Construction Lien Act*. For greater certainty, the Lender will not maintain any holdback accounts.

The Borrower and Covenantor irrevocably consent to the disclosure of information pursuant to the *Construction Lien Act* by the Lender to any person that purports to be entitled to request information under the *Construction Lien Act*.

If this is a CMHC-insured Mortgage, the Borrower covenants and agrees with the Lender to construct a building or buildings and other improvements on the Lands in accordance with the plans and specifications that have been or are hereafter approved by CMHC and by the Lender and to carry on diligently to complete the construction of the said building, buildings and other improvements.

16. WASTE, VACANCY AND REPAIR

The Borrower shall not commit or permit waste on the Lands and shall maintain or cause to be maintained the buildings and Fixtures on the Lands in good order and repair to the satisfaction of the Lender and shall not permit any such buildings to be or become vacant.

The Lender may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary to complete the construction or reconstruction of any building on the Lands, and the costs, charges and expenses incurred by the Lender in connection therewith shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands. No action taken by the Lender pursuant to this section 16 will make the Lender a mortgagee in possession.

17. INSPECTION

The Lender, its agent, or where applicable, CMHC, or its agent, may, at any time, and for any purpose deemed necessary by the Lender or CMHC enter upon the Lands to conduct any investigations, audits and inspections of or with respect to the Lands, including but not limited to environmental testing, site assessment, investigation or study, and the costs, charges and expenses incurred in connection therewith shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands. No action taken by the Lender or CMHC or their agents pursuant to this section 17 will make any of them a mortgagee in possession.

18. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Lender incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act,* R.S.O., c. 0.31, as amended (the **"ONHWPA"**), including, without limitation, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Lands or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

19. FAMILY LAW ACT

The Borrower covenants and agrees that:

(a) the Borrower or the owner from time to time of the Lands will advise and keep advised the Lender as to whether the Borrower or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F.3, as amended (the **"Family Law Act"**), and if so, the name of the Borrower's spouse, and of any change in the Borrower's spousal status or in the status of the Lands as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Borrower will furnish the Lender with such evidence in connection with any of the matters referred to in clause (a) above as the Lender may from time to time require, including, without limitation, the Borrower's and the Borrower's spouse's name, address and birth date and the Borrower's and the Borrower's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c.V.4, as amended, to provide the Lender from to time on request all information in its possession relative to any marriage, divorce or death of the Borrower or the Borrower's spouse, and on default in providing such evidence and authorization all monies secured by the Charge with accrued interest thereon shall, at the option of the Lender, immediately become due and payable.

20. DUE ON SALE

In the event that:

(a) the Lands or any part thereof or any interest therein is sold, conveyed, transferred, assigned, or otherwise disposed of, or the Borrower enters into any agreement to effect any of the foregoing to any person, without the Lender's prior written approval, or

(b) an approved purchaser, grantee, transferee or assignee of the title of the Lands should fail to (i) personally assume all of the obligations of the Borrower under the Charge, (ii) execute an assumption agreement in the form required by the Lender, and (iii) comply with all other conditions of approval,

then at the option of the Lender all monies secured by the Charge with accrued interest thereon shall immediately become due and payable.

21. CHANGE IN CORPORATE CONTROL OR REMOVAL OF TRUSTEE

If without the prior written consent of the Lender, which consent may be refused at the sole discretion of the Lender,

(a) in the case where the Borrower is a corporation, there is a change in the persons having effective voting control of the Borrower or the Borrower enters into an amalgamation, a merger or similar arrangement; or

(b) in the case where the Borrower holds title to the Lands as trustee of a trust, the Borrower resigns or is removed or otherwise no longer acts as trustee of such trust,

all monies secured by the Charge with accrued interest thereon shall, at the option of the Lender, immediately become due and payable.

22. COMPLIANCE WITH THE LAW

The Borrower shall at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, bylaws, ordinances, work orders and regulations of every governmental or administrative authority or agency and all permits, licenses and approvals issued thereunder whether federal, provincial, municipal or otherwise, including, without limitation those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, contaminated wastes, or hazardous or toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Lands or any part thereof.

The Borrower shall from time to time, upon request of the Lender, provide to the Lender evidence of such observance and compliance and shall, at the Borrower's own expense, make any and all improvements or alterations to the Lands, structural or otherwise, and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation. The Borrower shall immediately report to the Lender any non-compliance thereunder involving the Lands.

If the Borrower fails to comply with any such law, rule, requirement, order, direction, bylaw, ordinance, work order or regulation, the Lender shall be entitled but shall not be obliged to take such actions and incur such costs and expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) to effect such compliance and the amounts thereof shall be payable immediately by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

23. ENVIRONMENTAL COMPLIANCE

To the best of the Borrower's knowledge after due and diligent inquiry, no contaminants, wastes, hazardous or toxic materials are being stored in, on, or about the Lands nor have any contaminants, wastes, hazardous or toxic materials been stored or used in, on, or about the Lands prior to the Borrower's ownership, possession or control of the Lands. The Borrower agrees to provide written notice to the Lender immediately upon the Borrower becoming aware that the Lands are being or have been contaminated with any contaminants, wastes, hazardous or toxic materials. The Borrower will not permit any activities on the Lands which directly or indirectly could result in the Lands being contaminated with contaminants, wastes, hazardous or toxic materials. The representations and warranties contained in this section 23 shall survive and remain in full force and effect notwithstanding any independent inspections, investigations and assessments which the Lender may conduct or cause to be conducted with respect to the Lands.

The Borrower shall pay immediately when due the cost of removal of any contaminants, wastes, or hazardous or toxic materials in, on, or about the Lands.

The Borrower shall indemnify and hold harmless the Lender and its directors, officers, employees and agents from and against all loss, cost, damage or expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) incurred in the investigation, defence and settlement of any claim due to the Borrower's failure to comply with any statutory regulation, order, bylaw, direction or equivalent relating to the protection of the environment, or due to the presence of any contaminant, waste or hazardous or toxic material in, on, or about the Lands, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Lands.

24. MONIES DUE ON DEFAULT

The Outstanding Principal Amount together with accrued interest thereon and any other monies secured by the Charge remaining unpaid shall, at the option of the Lender, immediately become due and payable upon the occurrence of any one of the following events (each, a "**default**"):

(a) if any payment of any principal, interest or any other monies payable under the Charge by the Borrower or any part thereof is not paid when due;

(b) if the Borrower makes any false statement to the Lender in any loan agreement relating to the Charge, the Charge or in the application for the Charge;

(c) if the Borrower commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Borrower, or any authorized assignment for the benefit of creditors is made by the Borrower, or if a receiver or trustee for the Borrower or for any of the assets of the Borrower is appointed;

(d) if all or any part of the Lands are expropriated under the provisions of any law of Canada or any province thereof;

(e) if any act or thing is done by any person by which the value of the Lands, in the opinion of the Lender, diminishes;

(f) if the Borrower further encumbers the Lands without the express written consent of the Lender;

(g) if the Borrower sells, grants an option to purchase, leases, conveys or transfers title to all or part of the Lands, or agrees to do any of the foregoing, without the express written consent of the Lender;

(h) if all or any part of the Lands are used for an illegal purpose by any person, or if any illegal business is conducted in, on or about the Lands, or if equipment believed by the Lender to be related to an illegal business is installed in, on or about the Lands;

(i) if the Borrower is in default under any term, covenant, agreement, proviso or condition contained in any other mortgage, security agreement or other agreement to which the Borrower and the Lender are parties, even though the Borrower is not in default under any term, covenant, agreement, proviso or condition contained in the Charge;

(j) if the Borrower is in default in the observance or performance of any of the covenants, agreements, provisos or conditions contained in any mortgage, charge or other encumbrance to which the Charge is subject or subordinate including Permitted Encumbrances;

(k) upon the registration of any lien or judgment against the Lands or any part thereof, or if any buildings being constructed thereon being allowed to remain unfinished or without any work being done on them for a period of thirty (30) consecutive days;

(l) if the Borrower is in default under any term, covenant, agreement, proviso or condition contained in any security collateral to the Charge or in any agreement entered into relating to or in connection with the Charge; or

(m) if the Borrower is in breach of any other term, covenant, agreement, proviso or condition contained in the Charge, which breach is not rectified within ten (10) days of notice thereof to the Borrower.

The Lender may exercise its rights and remedies hereunder immediately upon default, and the Borrower hereby confirms that, except as may be expressly otherwise provided in the Charge, the Lender has not given any covenant, express or implied, and is under no obligation to allow the Borrower any period of time to remedy any default prior to the Lender exercising its rights and remedies under the Charge.

25. LENDER'S REMEDIES

On default by the Borrower under the Charge, the Lender may, at its option and in any order that it chooses, exercise any one or more of the following remedies:

(a) demand payment of the Outstanding Principal Amount together with accrued interest thereon and any other monies secured by the Charge;

(b) sue the Borrower, the Covenantor or any other person liable for payment of the monies secured by the Charge, for repayment of the Outstanding Principal Amount together with accrued interest thereon and any other monies secured by the Charge;

(c) take any and all legal steps and court proceedings which the Lender in its absolute discretion deems necessary to compel the Borrower to observe and perform the covenants and agreements hereunder;

(d) enter into possession of the Lands and take the rents, issues and profits and, whether in or out of possession, make such Lease or Leases as it shall think fit;

(e) on fifteen days' default, the Lender may, after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, sell or lease the Lands or any part or parts thereof;

(f) the following provisions shall apply, where applicable, with respect to the sale or lease of the Lands by the Lender:

  (i) notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on some portion of the Lands, if unoccupied, or at the option of the Lender, by mailing it by registered mail addressed to the Borrower at the Borrower's last known address;

  (ii) such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability;

  (iii) sale of the Lands or any part or parts thereof may be by public auction or private contract, or partly the one and partly the other, and the Lender may convey and assure the same when so sold to the purchaser or purchasers thereof as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid;

(iv) the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering, keeping possession of, leasing or selling the Lands or by reason of non-payment or procuring payment of monies, secured hereby or otherwise; and the Lender may sell all or any part of the Lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such price as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it may deem proper,

(v) the Lender may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for any loss occasioned thereby

(vi) in the case of a sale on credit or part for cash and part for credit, the Lender shall be bound to pay the Borrower only such monies as have been actually received from purchasers after the satisfaction of the claims of the Lender and for any of said purposes may make and execute all agreements and assurances as it shall think fit;

(vii) any purchaser or tenant shall not be bound to enquire into the legality, propriety or regularity of any sale or lease or be affected by notice of any impropriety or irregularity, expressed or otherwise, or that any sale or lease is improper and no want of notice or publication if required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or tenant upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been unauthorized, or improperly or irregularly exercised, or that such notice had not been given in compliance with the *Mortgages Act*, or had been given improperly, and any person suffering damages by an unauthorized, improper, or irregular exercise of the power shall have his remedy, if any, against the person exercising the power in damages only;

(viii) the Lender may sell Fixtures, machinery, crops and standing or fallen trees apart from the Lands, and the purchaser as well as the Lender shall have all necessary access for securing, cutting and removal;

(ix) it is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Lender in the Charge contained or existing at law by virtue thereof;

(x) until such sale or sales are made, the Lender shall stand possessed of the Rents and profits of the Lands if the Lender takes possession of them on default and after such sale or sales shall stand possessed of the proceeds from such sales, in trust upon payment of, firstly, all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly, all costs, charges, damages and expenses of the Lender relating to Taxes, prior charges, if any, Leasehold Rents, insurance premiums, repairs, utilities and any other monies which the Lender may have paid relating to the Lands, thirdly, all interest and costs then due in respect of the Charge, fourthly, the Outstanding Principal Amount, fifthly, amounts owing to subsequent encumbrancers, if any, and the residue, shall be paid to the Borrower as the Borrower may direct; and

(xi) the Lender shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default;

(g) distrain upon any goods upon the Lands and by distress warrant to recover by way of rent reserved as in the case of a demise of the Lands as much of the principal, interest or other monies secured by the Charge as shall from time to time be in arrears, together with all costs, charges and expenses (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) related to such distress as in like cases of distress for rent; and the Borrower hereby waives, on the exercise of such right and license, all rights to exemption from seizure and distress under any law whatsoever;

(h) without notice to or the concurrence of any person, enter on the Lands and without limiting the generality of the foregoing, make such arrangements for completing the construction of, repairing or putting in order any buildings or Fixtures on the Lands, or for inspecting, taking care of, leasing, collecting the Rents of, and generally managing the Lands as the Lender may deem expedient and no action taken by the Lender pursuant to this section 25(h) will make the Lender a mortgagee in possession;

(i) appoint a receiver (which term as used herein includes a receiver manager) of the Lands, or any part thereof, in accordance with section 41;

(j) take any and all legal steps and court proceedings to realize on the security created by the Charge, including applying to a court of competent jurisdiction for an order foreclosing the fee interest or equity of redemption of the Borrower in the Lands or an order that the Lands be sold on terms approved by such court; and

(k) take any and all other legal steps and court proceedings available to a mortgagee at law and in equity.

26. APPLICATION OF PAYMENTS ON DEFAULT

On default by the Borrower, the Lender may apply any payments received during the period of default in whatever order and amounts it may elect as between principal, interest, Taxes, insurance premiums, repairs, or other monies payable by the Borrower under the Charge.

27. NON-MERGER

The taking of a judgment or judgments on any covenants contained in the Charge shall not operate as a merger of such covenants or affect the right of the Lender to interest at the Interest Rate; and any such judgment shall provide that interest thereon shall be computed at the Interest Rate and in the same manner as provided in the Charge until such judgment has been fully paid and satisfied.

28. OBLIGATIONS SURVIVE SALE

No sale or other dealing by the Borrower with the Lands or any part thereof shall in any way change the liability of the Borrower, the Covenantor or any other person liable for the payment of the monies secured by the Charge or in any way alter the rights of the Lender as against the Borrower, the Covenantor, or any other person liable for the payment of the monies secured by the Charge.

29. ADVANCES

Notwithstanding the preparation and execution of any approval of or application for the Charge, any loan agreement or the Charge or the registration of the Charge or Borrower's authorization of registration of the Charge, as the case may be, or the advance of all or any part of the Principal Amount, the Lender is not bound to advance the Principal Amount or any unadvanced portion thereof, and all advances are to be made in such manner, at such times, and in such amounts up to the Principal Amount as the Lender in its sole discretion may determine, but nevertheless the Charge shall take effect upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation shall be payable immediately by the Borrower, be added to the monies secured by the Charge, shall bear interest at the Interest Rate and form a charge on the Lands in priority to all other encumbrances arising subsequent to the Charge.

30. PARTIAL RELEASE

The Lender may at all times release any part or parts of the Lands or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Borrower or Covenantor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Lender, and without thereby releasing any other part of the Lands, or any other security or covenants in the Charge or elsewhere contained. Notwithstanding any such release the Lands, security and covenants remaining unreleased shall remain a charge for all the monies secured by the Charge.

31. ENCUMBRANCES AND COSTS

The Borrower shall pay and discharge, or cause to be paid and discharged, all encumbrances, liens or charges now or hereafter existing or to arise or to be claimed upon the Lands or any part thereof, having or claiming priority over the Charge. If the Borrower fails to do so, the Lender may pay the amount required to discharge any such encumbrance, lien or charge, including any Taxes, utility charges or other rates on the Lands, liens or any amounts payable to the Condominium Corporation.

In the event of the Lender paying the amount of any such encumbrance, lien or charge, either out of the monies advanced on the security of the Charge or otherwise, the Lender shall be subrogated to and entitled to all the rights, equities and securities of the person, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for so long as the Lender deems it proper to do so.

32. EXTENSIONS

No extension of time given by the Lender to the Borrower, or anyone claiming under the Borrower, or any other dealing with the owner of the equity of redemption of the Lands shall in any way affect or prejudice the rights of the Lender against the Borrower, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

33. DISCHARGE

The Lender shall have a reasonable time after request by the Borrower and payment in full of all monies secured by the Charge within which to prepare and sign a discharge or, if requested by the Borrower and consented to by the Lender, an assignment of the Charge. Interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Lender. The Borrower will pay the Lender's usual administrative fee, if applicable, for preparing and signing a discharge or assignment and all other legal and other expenses, whether the discharge or assignment is prepared by the Lender, the Borrower or any other person. It is the Borrower's responsibility to register the discharge or assignment on title and to pay the registration fee. If electronic registration is available for the Charge, the Lender may register the discharge or assignment on the Borrower's behalf and at the Borrower's expense and will provide either the Borrower or the Borrower's solicitor with confirmation of registration. The indemnity contained in section 23 shall continue notwithstanding a discharge of the Charge.

34. OTHER SECURITY

This Charge is in addition to and not in substitution for any other security held by the Lender including, without limitation, any promissory note or notes for all or any part of the monies secured under the Charge, and the Lender may pursue its remedies thereunder or under the Charge concurrently or successively at its option and in such order as the Lender determines in its sole discretion. Any judgment or recovery under the Charge or under any other security held by the Lender for, among other things, the monies secured by the Charge shall not affect the right of the Lender to realize upon this or any other security. The Borrower shall comply with the terms and provisions of any other or collateral security held by the Lender in connection with the Charge.

35. PLACE OF PAYMENT

All payments secured by the Charge shall be made in the lawful money of Canada prior to 4:00 p.m. at the Place of Payment or as otherwise agreed to by the Lender. Any payments made after 4:00 p.m. shall be credited as being paid on the next day that the Lender is open for business.

36. SPOUSE'S CONSENT

The spouse of the Borrower named in the Charge consents to the transaction evidenced by the Charge and releases all interest in the Lands to the extent necessary to give effect to the rights of the Lender under the Charge, and agrees that the Lender may, without further notice, deal with the Lands and the charge created by the Charge as the Lender may see fit.

37. SEVERABILITY OF ANY INVALID PROVISIONS

If at any time any provision of the Charge in whole or in part is declared or held illegal, invalid or unenforceable under, or inconsistent with any applicable law or would by reason of any such law render the Lender unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid, unenforceable or inconsistent or would so render the Lender unable to collect the amount of any such loss, and the Charge will continue in full force and effect and be construed as if it had been given without such illegal, invalid, unenforceable or inconsistent provision.

38. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

No failure to enforce at any time or from time to time any of the rights of the Lender under the Charge shall prejudice such rights or any other rights of the Lender against the Borrower, the Covenantor or any other person liable for payment of the monies secured by the Charge; no performance or payment by the Lender in respect of any breach or default under the Charge by the Borrower shall relieve the Borrower from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Lender shall prejudice such rights in the event of any future default or breach.

39. CONDOMINIUMS

If the Lands or any part thereof are or becomes one or more Units in a condominium, the following provisions apply:

(a) The Borrower shall at all times and from time to time observe and perform all duties and obligations imposed on the Borrower by the *Condominium Act* and by the Declaration, and any bylaws, rules and regulations, as amended from time to time, of the Condominium Corporation. Any breach of such duties and obligations shall constitute default under the Charge, entitling the Lender to demand repayment of all monies secured by the Charge with accrued interest thereon.

(b) Without limiting the generality of the foregoing, the Borrower shall pay when due any contribution to common expenses required of the Borrower as an owner of the Lands and assessments and any other amounts levied by the Condominium Corporation in respect of the Lands. In the event of the Borrower failing to do so, the Lender, at its option, may make any and all such payments on behalf of the Borrower, and any monies so paid shall be payable immediately, shall be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

(c) The Borrower hereby irrevocably assigns to the Lender all of the Borrower's rights under the *Condominium Act*, the Declaration and any bylaws, rules and regulations, as amended from time to time, of the Condominium Corporation.

(d) The Borrower irrevocably authorizes and empowers the Lender to exercise the right of the Borrower as an owner of the Lands to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

    - (i) the Lender may at any time or from time to time give notice in writing to the Borrower and the Condominium Corporation that the Lender does not intend to exercise the right to vote or consent and in that event until the Lender revokes the notice the Borrower may exercise the right to vote or consent. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;
    - (ii) the Lender shall not by virtue of the assignment to the Lender of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Borrower.

- (e) At the Lender's request, the Borrower shall deliver to the Lender such proxies or other instruments as may be considered requisite by the Lender to confer such power of voting upon the Lender.

- (f) The Borrower hereby irrevocably authorizes the Lender as the authorized agent of the Borrower at any time, and from time to time, to apply to the Condominium Corporation for copies of bylaws, financial statements, notices, minutes, information relating to levies and assessments and any other information or certificates available under the *Condominium Act* related to the Lands.

- (g) The Borrower covenants and agrees to advise the Condominium Corporation to send all notices which would be sent to the Borrower by the Condominium Corporation to the Lender and to notify the Lender of any breaches by the Condominium Corporation that come to the attention of the Borrower in order that the Lender is kept fully informed.

- (h) No action taken by the Lender under this section 39 will make the Lender a mortgagee in possession.

40. RENEWAL, CONVERSION AND MODIFICATION

Notwithstanding the terms and conditions contained in the Charge, the Charge may be subject to collateral agreements between the Lender and the Borrower with respect to the frequency of payments both before and after default and the fluctuation of the Interest Rate. In addition, the Charge may be amended, renewed or extended as the Lender and the Borrower may agree from time to time. Such amendments, renewals or extensions may result in an increase in the Interest Rate beyond the rate per annum set out in the Charge. Such amendments, renewals or extensions may, but need not be, registered against the Lands and whether or not so registered, the Charge, as so modified, shall rank in priority to any and all interests registered against the Lands subsequent to the registration of the Charge as if and to the extent that such modification had been executed and registered, and all monies thereunder advanced, before the execution and registration of any subsequent interests. For the purpose of Section 72(1) of the *Land Titles Act*, R.S.O. 1990, c.L.5 this section 40 shall be notice of the Charge and the contents hereof to every person dealing with the title to the Lands.

Notwithstanding the foregoing, if a renewal agreement in respect of the Charge is sent by the Lender to the Borrower but the Borrower does not sign and return it to the Lender by the Balance Due Date, the Charge, at the Lender's option, will renew on the terms provided in such renewal agreement. Any changes to the interest rate, amortization period, Term, payment instalments, payment dates or any other terms shall not reduce or lessen the rights of the Lender against the Borrower, Covenantor or any other persons liable for the payment of monies secured by the Charge notwithstanding that such person may not have signed or be a party to such agreement. The Borrower, Covenantor or any other persons liable for the payment of monies secured by the Charge agree to be bound by any such agreement, whether oral or in writing, to amend, renew or extend the Charge.

Nothing contained in this section 40 shall confer any right of renewal or extension upon the Borrower.

41. RECEIVERSHIP

When the Borrower is in default under the Charge, the Lender may, with or without entry into possession of the Lands, or any part thereof, by instrument in writing appoint, or by application to a court of competent jurisdiction obtain an order for the appointment of any person, as a receiver (which term as used herein includes a receiver manager) of the Lands, or any part thereof, and of the Rents and profits thereof, and with or without security, and may, when the appointment of the receiver is by instrument, by similar writing remove any receiver and appoint another receiver, and that in making any such appointment or removal, the Lender shall be deemed to be acting as the agent or attorney for the Borrower, but no such appointment shall be revocable by the Borrower. Upon the appointment of any such receiver the following provisions apply:

(a) The receiver shall have unlimited access to the Lands (which right of access shall not be revocable by the Borrower) and shall have full power and unlimited authority to:

  (i) collect the Rents and profits from Leases;

  (ii) rent any portion of the Lands on such terms and conditions as the receiver considers advisable and enter into and execute Leases, accept surrenders and terminate Leases;

  (iii) complete the construction of any building or buildings or other erections or Fixtures on the Lands, purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Borrower's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;

  (iv) manage, operate, repair, alter or extend the Lands or any part thereof and carry on the Borrower's business on the Lands;

  (v) sell or grant options to purchase the Lands, or any part thereof, by public auction or private sale, on such terms as to credit or otherwise and with or without security as shall appear most advantageous to the receiver;

  (vi) rescind or vary any contract or agreement of sale or lease of the Lands;

  (vii) borrow such sum or sums as will, in the opinion of the receiver, be required for the purposes of carrying on the receiver's duties and in so doing the receiver may issue receiver certificates;

  (viii) employ such assistants as the receiver may consider necessary for carrying out the receiver's duties; and

  (ix) perform such other acts and duties and incur any other expense that, in the receiver's opinion, will maintain, preserve or increase the value or income potential of the Lands or that is authorized by a court order appointing the receiver.

The Borrower undertakes to ratify and confirm whatever the receiver may do in respect of the Lands.

(b) The Lender at its discretion may vest the receiver with all or any of the rights and powers of the Lender.

(c) The Lender may fix the reasonable remuneration of the receiver and such remuneration together with all costs, charges and expenses of the receiver and receiver's borrowings, if any, required for the purposes of carrying on the receiver's duties hereunder shall be payable immediately on demand by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

(d) The receiver shall be deemed the agent or attorney of the Borrower and not of the Lender and the Lender shall not be responsible for the acts and omissions of the receiver.

(e) The appointment of any receiver by the Lender shall not result in or create any liability or obligation on the part of the Lender to the receiver or to the Borrower or to any other person including without limitation, for the receiver's remuneration, costs, charges and expenses and no appointment or removal of a receiver and no actions of a receiver shall render the Lender a mortgagee in possession of the Lands.

(f) No receiver shall be liable to the Borrower to account for monies other than monies actually received by the receiver in respect of the Lands or any part thereof and out of such monies so received every receiver shall pay in the following order the following amounts:

  (i) all the receiver's remuneration,

  (ii) all costs, charges and expenses of every nature and kind incurred by the receiver, excluding the receiver's borrowings,

  (iii) any sums borrowed by the receiver from the Lender and interest thereon as secured by receiver certificates,

  (iv) all interest, principal and other monies due hereunder to be paid in such order as the Lender in its sole discretion shall determine,

  (v) any sum or sums borrowed by the receiver from any financial institution, corporation or other person other than the Lender and interest thereon as secured by receiver certificates, and

  (vi) any surplus, subject to the rights of other creditors, to the Borrower.

(g) Save as to claims for accounting under paragraph (f) of this section 41 , the Borrower hereby releases and discharges any such receiver from every claim of every nature which may arise or be caused to the Borrower or any person claiming through or under the Charge by reason or as a result of anything done by the receiver unless such claim is the direct and proximate result of dishonesty or fraud.

(h) The statutory declaration of an officer or agent of the Lender as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the Charge shall be sufficient proof thereof for the purposes of any person dealing with a receiver and such dealing shall be deemed to be valid and effectual notwithstanding any contrary assertion by the Borrower.

(i) The rights and powers conferred in the Charge in respect of the receiver are in addition to and not in substitution of any other rights and powers which the Lender may have.

42. EXPROPRIATION

In the event of any expropriation affecting the Lands or any part thereof, the Borrower agrees that the proceeds from the expropriation shall be paid to the Lender in priority to the claims of any other party. The Lender through its agents or employees may order a survey and/or property valuation of the Lands in order to ascertain the value of the expropriated lands and the remaining lands. Any and all reasonable costs, charges, and expenses for such survey and/or property valuation shall be added to the Outstanding Principal Amount and shall bear interest at the Interest Rate, and shall, with such interest, be a charge on the Lands prior to all claims thereon subsequent to the Charge and shall be payable on demand.

43. TRANSFER AND DISCLOSURE OF PERSONAL INFORMATION

The Borrower agrees that the Lender may securitize, assign, transfer or pledge the Charge without the consent of, or notice, to the Borrower. The Borrower acknowledges that the Lender may from time to time obtain credit support, insurance or liquidity in respect of the Charge or in respect of the securitization, assignment, transfer or pledge of the Charge. The Borrower irrevocably agrees that the Lender may collect, use and disclose all personal information included in or relevant to the Charge (including credit and default information) with respect to the Borrower, the Covenantor or any other person who assumes or becomes responsible for payment of any amounts secured by the Charge in connection with such securitization, assignment, transfer, pledge, credit support, insurance or liquidity or collection or enforcement proceedings in respect of the Charge.

44. MORTGAGE EXPENSES

The Borrower agrees to pay the reasonable costs, charges and expenses of and incidental to the Charge and all other documents or security required in connection with or collateral to the Charge and of anything done in connection with the enforcement of the security granted by the Charge or the procuring of the payment of any monies secured by the Charge including, without limitation:

(a) processing and administration fees (if any);

(b) legal costs and disbursements (on a full indemnification basis and in no event less than on a solicitor and client basis);

(c) other costs and expenses relating to inspecting the Lands, appraising the value of the Lands, examining title, preparing, executing, delivering and/or registering any document, providing legal advice and opinions; or

(d) other costs and expenses relating generally to any steps and proceedings reasonably taken by the Lender in order to preserve or protect the Lands, defend the validity or priority of the Charge or realize on the security created by the Charge.

The Borrower further agrees that any amounts so incurred or charged by the Lender shall be payable immediately on demand by the Borrower, be added to the monies secured by the Charge, bear interest at the Interest Rate and form a charge on the Lands.

45. ASSIGNMENT OF RENTS AND LEASES

The Borrower hereby assigns to the Lender all right, title and interest of the Borrower in the Rents and Leases to have and to hold absolutely until all monies secured by the Charge and all obligations of the Borrower in the Charge have been fully paid and satisfied.

The Borrower hereby grants to the Lender full power and authority to enter upon the Lands to collect the Rents, to demand, collect, sue for, distrain for, recover, receive and give receipts for the Rents, to enforce payment of the Rents and performance of the obligations of any guarantees of payment and covenants to pay, and to exercise all rights in respect of any or all Leases, in the Lender's own name or in the name of and as agent for the Borrower, as the Lender may elect, and hereby grants to the Lender irrevocable authority to join the Borrower in any such proceedings or actions.

Notwithstanding that this is a present and absolute assignment, (subject to redemption on repayment of all monies secured by the Charge), the Borrower, as agent for the Lender, shall be entitled to collect and retain the Rents as and when they become due and payable according to the terms of the Lease and to deal with all Leases until the Lender gives notice to tenants directing that they pay the Rents to the Lender.

The Borrower covenants that it now has good and sufficient power, authority and right to assign the Rents, Leases and other benefits to the Lender as herein provided and shall not further assign, pledge or otherwise encumber the Rents or Leases, accept any prepayment of the Rents, nor do or omit to do any act having the effect of waiving, releasing, reducing or abating any rights or remedies of the Borrower or any obligations of any other party in connection with the Leases.

Nothing herein contained or any action taken by the Lender as provided will make the Lender a mortgagee in possession, or will have the effect of making the Lender responsible for the collection of the Rents or for the observance or performance or enforcement thereof or of any of the provisions of the Leases either by the Borrower or by any other person, liable to account for any monies except such monies as it actually receives pursuant to this assignment of Rents and Leases less proper collection charges, inspection fees, costs (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis) and other expenses expended by the Lender and such monies when so received shall, at the discretion of the Lender, be applied on account of the monies secured by the Charge.

The giving of this assignment of Rents and Leases is by way of additional and collateral security for all monies secured by the Charge and not in substitution for any other security and will not in any way diminish, novate or otherwise affect any other security and such other security will not diminish, novate or otherwise affect this assignment of Rents and Leases. Any right or remedy under this assignment of Rents and Leases may be taken either independently or in conjunction with any other rights or remedies of the Lender under the Charge.

The Borrower shall execute and deliver such further assurances, assignments, notices or other documents and do all such other things as the Lender may reasonably require from time to time to perfect this assignment of Rents and Leases.

46. NO DEDUCTIONS

The Borrower agrees that notwithstanding anything to the contrary contained in the Charge, all payments due from or made by the Borrower shall be made without set-off or counterclaim and, subject to section 5, without any deductions or withholdings, whatsoever.

47. INTERPRETATION

The expressions "Borrower", "Lender" and "Covenantor" wherever used in the Charge shall include the heirs, executors, personal representatives, administrators, successors and assigns of the Borrower, the Lender and the Covenantor, respectively, and wherever the singular or masculine is used throughout the Charge the same shall be construed as meaning the plural or the feminine or body corporate or politic where the context so require. All covenants, liabilities, and obligations of the Borrower and Covenantor under the Charge shall be equally binding upon his, hers, its or their heirs, executors, personal administrators, successors and assigns, respectively, and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Lender shall be equally secured to and exercisable by its successors and assigns. If the Borrower or Covenantor is comprised of more than one person the covenants on the part of the Borrower and the Covenantor, respectively, herein contained shall be joint and several covenants.

48. PARAGRAPH HEADINGS

The paragraph headings and Table of Contents in this set of standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge.

49. APPLICABLE LAW

This Charge and the rights and obligations under the Charge shall be governed and construed according to the laws of the Province of Ontario.

50. *SHORT FORM OF MORTGAGES ACT*

If any of the forms of words contained herein are also contained in Column One of Schedule "B" of the *Short Form of Mortgages Act* (Ontario) and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule "B" of the said Act distinguished by the same number, and the Charge shall be interpreted as if such Act was still in full force and effect.

51. NATIONAL HOUSING ACT

If the Charge is a CMHC-insured Charge, the Charge is made pursuant to the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time.

52. COVENANTOR OR GUARANTOR

In consideration of the Lender making advances to the Borrower in whole or in part of the monies secured by the Charge and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Covenantor does hereby covenant, promise and agree as principal debtor and not as surety to and with the Lender that the Covenantor shall pay, or cause to be paid, to the Lender the Principal Amount and other monies secured by the Charge, together with interest thereon, and shall observe and perform all of the covenants, provisos, conditions, agreements and stipulations in the Charge on the part of the Borrower. If there is more than one Covenantor, the covenants herein contained shall be joint and several.

The Lender shall not be bound to exhaust its recourse against the Borrower or any other party or other security it may hold before being entitled to payment from the Covenantor of the monies secured by the Charge.

The Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of the Covenantor, the Lender may:

(a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under the Charge;

(b) grant any renewals or extensions of the Charge, with or without a change in the Interest Rate or in any other terms or conditions of the Charge and whether by express agreement of the Borrower or otherwise (including without limitation by way of an automatic renewal or extension);

(c) change the rate or rates of interest provided in the Charge, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable rate or from a variable rate to a fixed rate, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the Charge or charge constituted by the Charge the whole or any part of the Lands;

(g) advance Additional Principal Amounts to the Borrower pursuant to any provision of the Charge that permits the Borrower to borrow such Additional Principal Amounts from the Lender;

(h) deal with the Borrower or any other person liable for payment of the monies hereby secured or the Lands or the Charge or any other security as the Lender sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Charge;

(i) release or discharge one or more other Covenantors or Borrowers in respect of the Charge; or

(j) release any subsequent legal or beneficial owner of the Lands from any liability for the obligations under the Charge or refrain from requiring any such owner to assume any such liability,

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of the Covenantor hereunder, regardless of whether any such action has the effect of amending or varying the Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the obligations thereunder. The liability of the Covenantor hereunder shall extend to and include the obligations of the Borrower under the Charge as so amended, renewed, extended or varied and the Charge as so increased, expanded or altered without further action on the part of the Lender or the consent or concurrence of the Covenantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Charge is increased or otherwise altered, the liability of the Covenantor hereunder shall be extended to and include the obligation of the Borrower to pay interest at such increased or altered rate.

53. ACKNOWLEDGEMENT

The Borrower and Covenantor acknowledge receipt of a copy of this set of standard charge terms and, if applicable, any additions, amendments or deletions to this set of standard charge terms as provided in the Charge.

END OF SET

Dated the 20 day of October, 2005.

HSBC Trust Company (Canada),
by its solicitors, McMillan Binch LLP

Per: ____________________

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200530 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200531 Cote
Filing Date 28th Oct. 2005 Date de Dépôt
Page 1 of/de 16 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act Set of Standard Charge Terms

Filed by: **Royal Bank of Canada** Filing Date:
Filing Number:

The following set of standard charge terms are deemed to be included in every Charge/Mortgage of Land in which this set of standard charge terms is referred to by its filing number, as referred to in Section 9 of the *Land Registration Reform Act*.

This document sets out important terms which apply to the Mortgage and are actually part of the Mortgage. We recommend you read this carefully and you may want to discuss the terms of the Mortgage with a lawyer.

This document describes the financial institution (mortgagee), who is lending you the money, as 'We'. The definition of "we" also includes "us" and "our".

This document describes the person who is being loaned money and giving the Mortgage on your Property as 'You'. The definition of "you" also includes "your". 'You' also includes anyone who guarantees your payments and Promises.

We are lending you money and we protect our interests through the Mortgage on your Property, which gives us certain rights, if you do not do what you promise to do. The specific terms that apply to your Mortgage (for example, the interest rate) are set out in a document that you sign and is registered, or which is authorized by you, prepared in electronic format and registered electronically. We call this the Registered Mortgage.

Generally, when a word is capitalized, the word is defined in Section 1. You should read Section 1 carefully.

SECTION 1 – TERMS YOU NEED TO KNOW

The following are used with particular meanings in this set of standard charge terms:

(1) ***Balance Due Date*** means the date shown in the Registered Mortgage as the date when the Mortgage matures. On this date the Mortgage must be repaid or renewed.

(2) ***Closed Mortgage*** means a Mortgage which limits how you can prepay the Outstanding Amount and fixes what Prepayment charges you will be charged, if you do prepay.

(3) ***CMHC*** means Canada Mortgage and Housing Corporation. It administers the *National Housing Act* and provides mortgage default insurance to lenders.

(4) ***Default*** means you have not kept a Promise under the Mortgage.

(5) ***First Payment Date*** means the date for first payment shown in the Registered Mortgage.

(6) ***Guarantor*** means a person who also agrees to keep your Promises under the Mortgage.

(7) ***HomeProtector® Insurance Premium*** means an insurance premium paid by you for optional group creditor life or life and disability insurance. This insurance will pay off the Outstanding Amount if you die or pay the regular mortgage payments (excluding property tax instalments) for a period of time if you become disabled. It is collected as part of your payment. It is different from property insurance which protects your home and its contents. *HomeProtector* insurance is underwritten by The Canada Life Assurance Company and is subject to terms, conditions, exclusions and eligibility restrictions. Please see the *HomeProtector* booklet for full details.

(8) ***Interest Adjustment Date*** means the date shown in the Registered Mortgage as the date to which we calculate accrued interest on money advanced to you. This date will be before your first regular payment period. This is the date the Term starts.

(9) ***Interest Rate*** means the interest rate that applies to the Mortgage. The Interest Rate and how it is calculated is shown in the Registered Mortgage. It is an annual rate, and gets adjusted as the Prime Rate rises or falls.

(10) ***Last Payment Date*** means the date for the last payment shown in the Registered Mortgage.

(11) ***Mortgage*** means the legal agreement between you and us, which gives us rights over your Property. 'Mortgage' includes any other documents attached to it as schedules, and any document amending the Mortgage. It includes this document and the Registered Mortgage.

(12) ***Mortgage Default Insurer*** means CMHC or any other institution that provides mortgage default insurance to lenders.

(13) ***National Housing Act*** means the *National Housing Act* R.S., c. N-10, s. 1., a federal law that promotes the construction of new houses and the repair and modernization of existing houses. CMHC provides mortgage default insurance under this law.

(14) ***Open Mortgage*** means a mortgage that lets you pay any amount you want without you having to pay a Prepayment charge. The minimum Prepayment amount is $500.

(15) ***Outstanding Amount*** means the total amount remaining to be paid on the Mortgage at any time. It includes the portion of the Principal Amount that remains unpaid, interest, additional amounts advanced, and amounts we have paid because you have not kept a Promise.

(16) ***Prepayment*** means repaying part of the Principal Amount ahead of schedule. Depending on the type of Mortgage you have and the amount you are paying, you may have to pay a Prepayment charge when you make a prepayment.

(17) ***Prime Rate*** means the annual rate of interest announced by Royal Bank of Canada from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada. Our notices of the Prime Rate will be conclusive.

(18) ***Principal Amount*** means the amount we originally loaned to you.

(19) ***Promises*** means everything that you agree to do under the Mortgage.

(20) ***Property*** means the land described in the Mortgage, as well as any buildings constructed on the land and anything attached or fixed to the land or buildings. It also includes any future building, addition, attachments or fixtures (fixtures includes things such as furnaces) to the land or buildings.

(21) ***Property Taxes*** means all present and future property taxes, rates, assessments, local improvement charges, administration fees and other similar amounts charged by local government on your Property. It includes interest and penalties charged by a local government.

(22) ***Registered Mortgage*** means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give the Mortgage, or for the electronic registration system, the charge authorized by you and prepared in electronic format and registered electronically under Part III of the *Land Registration Reform Act*.

(23) ***Term*** means the period of time from the Interest Adjustment Date to the Balance Due Date, which is shown on the Registered Mortgage.

(24) ***We*** means the mortgagee under the Mortgage. The mortgagee is named on the Registered Mortgage.

(25) ***You*** means each person who signed or is bound by the Mortgage and is the person who has to pay everything owing under the Mortgage. If you die or become incapacitated, your estate must pay us and keep your other Promises.

SECTION 2 – HOW THE MORTGAGE WORKS

(1) In return for our agreeing to lend the Principal Amount or as much of the Principal Amount as we advance to you, you mortgage and charge your interest in your Property to us. This means the Mortgage is a charge on your Property and you have mortgaged your entire interest in your Property to us. All amounts relating to the Mortgage that you owe to us are secured by the Mortgage.

(2) It also means that you release your claims to your Property until you have repaid the Outstanding Amount and kept all your Promises.

(3) You can stay in possession of your Property, as long as you keep your Promises.

(4) Our interest in your Property ends when you have repaid the Outstanding Amount and you have kept all of your other Promises, and at that time, you can have a discharge of the Mortgage. Section 23 tells you what you must do to get a discharge.

(5) In return for our agreeing to lend the Principal Amount to you, you make certain Promises which you must keep. Not keeping your Promises includes breaking or not keeping your Promises in any way.

(6) You promise to sign any additional documents that we ask for and do everything else we ask you to do to protect our interest in your Property.

SECTION 3 – INTEREST

3.1 Interest Rate

(1) The Interest Rate you promise to pay is set out in the Registered Mortgage.

(2) The Interest Rate is the Prime Rate (as it changes from time to time) plus a premium, or minus a discount, as shown in the Registered Mortgage. The Interest Rate is an adjustable rate that is adjusted automatically when the Prime Rate changes. We do not have to give you notice of any change in the Prime Rate.

(3) Interest is calculated not in advance, with the same frequency as the payment frequency shown in the Registered Mortgage or another payment frequency that you select and is payable at that frequency.

(4) You promise to pay interest on the Outstanding Amount at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount has been paid in full.

(5) Your Mortgage payments are fixed, but the Interest Rate changes when the Prime Rate changes. If the Prime Rate goes down, more of your payment goes to pay off the Principal Amount; if the Prime Rate goes up, less of your payment goes to pay off the Principal Amount. If you are not in Default and your payment is not enough to pay all accrued interest due on the payment date, we will automatically increase your next payment by a series of $2.00 amounts, until the payment covers all accrued interest since your last payment. We do this so that you will

pay all the interest you owe us and the amount you owe us will not increase. When this happens it will take longer to pay out your Mortgage. Your payments will remain at the increased amount for the rest of the Term, unless we both agree to a new amount or your payment falls short again.

3.2 Compound Interest

If you do not pay any interest when due under the Mortgage, we will add the overdue interest to the Outstanding Amount and charge you interest on the combined amount until it is paid. This is called compound interest. We calculate compound interest at the Interest Rate. You promise to pay it at the same frequency as your regular payments, both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full.

We will also charge you interest on compound interest at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full. All overdue interest and compound interest is part of the Outstanding Amount. You promise to pay this interest immediately when we ask you to pay it.

SECTION 4 – YOUR REGULAR PAYMENTS

(1) You promise to repay the Principal Amount and interest to us on the payment dates set in the Registered Mortgage or another payment frequency that you select starting with the First Payment Date until and including the Last Payment Date. Your payments will be for the amounts set out in the Registered Mortgage. You promise to pay the Outstanding Amount on the Balance Due Date. You can ask us to change your payment date or payment frequency at any time.

(2) If you are not in Default, we apply your payment as follows:

- (a) to pay your *HomeProtector* Insurance Premium, including any applicable sales taxes or similar taxes, if you have it;
- (b) to pay Property Taxes, if we pay them on your behalf,
- (c) to pay interest due and payable; and
- (d) to reduce the Principal Amount.

(3) If you are in Default, we may apply your payment, or any other money we receive from you, as we choose.

(4) All payments must be in Canadian dollars.

(5) If we advance all or part of the Principal Amount before the Interest Adjustment Date, you promise to pay accrued interest on the money we advance at the Interest Rate from the day we lend you the money until the Interest Adjustment Date. You promise to pay this interest on the first day of each month until the Interest Adjustment Date. If your Interest Adjustment Date is not the first day of a month, you promise to also pay us interest from the first of the month until the Interest Adjustment Date.

SECTION 5 – BANK ACCOUNT FOR PAYMENTS

(1) You promise to have a deposit account at a Canadian financial institution and authorize us to withdraw from that account automatically for each payment when it is due.

(2) You will keep enough funds in the account to make each payment. You will not cancel your authorization to withdraw, or close the account without our consent.

(3) If your financial institution refuses the pre-authorized withdrawal, we will charge you for the fee your financial institution charges us. This may include situations where you do not have enough money in your account, or you closed your account.

SECTION 6 – PREPAYING A MORTGAGE BEFORE THE MATURITY DATE

6.1 Restriction

None of the following Prepayment options apply if you are in Default.

6.2 Prepaying an Open Mortgage

If you have an Open Mortgage, you may prepay $500 or more of the Outstanding Amount at any time without a Prepayment charge. If you have an Open Mortgage and want to prepay it, you must pay back a portion of any cash back amount you received from us, as called for under Section 6.6.

6.3 Annual Prepayment Option for Closed Mortgages

(1) If the Mortgage is a Closed Mortgage you may, once in each twelve month period starting on the Interest Adjustment Date or the anniversary of that date, pay up to 10% of the Principal Amount.

(2) Subject to Section 6.3(4), you can exercise this option without notice and without paying any Prepayment charge.

(3) If you do not exercise this option in any twelve-month period, you cannot carry it over to any future twelve-month period.

(4) If you prepay more than 10% of the Principal Amount, you promise to pay a Prepayment charge on the entire amount of the Prepayment.

6.4 Increasing Payments Option

(1) You may once in each twelve-month period, starting on the Interest Adjustment Date, or the anniversary of that date, increase your payment by an amount that is not more than 10% of the principal and interest portion of what is or would be your monthly payment amount. If you do not exercise this option in any twelve-month period, you cannot carry it over to any future twelve-month period.

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6.5 Prepaying More Than 10% of a Closed Mortgage

(1) If you have a Closed Mortgage, you may pay off more than 10% of the Principal Amount, but you promise to pay a Prepayment charge on the **entire amount** of the Prepayment. You may at any time during the Term prepay all or part of the Outstanding Amount, but if you prepay more than 10% of the Principal Amount, you promise to pay a Prepayment charge of three months interest at the Interest Rate calculated on the **entire amount** you prepay. You must also pay back a portion of any cash back amount you received, as called for in Section 6.6, if you prepay all of the Outstanding Amount.

(2) If you renew or extend the Mortgage before the end of the Term, or if you amend the Interest Rate before the end of the Term, you promise to pay a Prepayment charge, calculated in the same way as in Section 6.5(1) above based on the Outstanding Amount on the date of the renewal, amendment or extension.

6.6 Incentive Program

(1) We may, at our option, offer you an incentive to give the Mortgage to us. This incentive may be cash, a gift certificate or other item having a value (for example a voucher that you may redeem at a retail store). We will tell you the value of the incentive. We will call this a "cash back amount". If you repay the Outstanding Amount before the end of the Term or if you change the Term of the Mortgage, you promise to repay a portion of the cash back amount to us.

(2) Here is how we calculate the amount you must repay:

your cash back amount divided by the number of months in the Term, times the number of months remaining in the Term (including the month in which the repayment is made).

Here is an example:

If you received a $1,000 cash back amount for a 5 year (60 months) mortgage and repay the mortgage in full after 3 years (36 months), the calculation of the amount would be as follows:

$1,000 ÷ 60 months x 24 months remaining = $400

6.7 *Double-Up®* Option

You may increase your regular payment by an amount up to 100% of the principal and interest portions of your regular payment (but not less than $100) on any payment date. This is called a "***Double-Up***". If you have a non-monthly payment frequency, the total amount of your *Double-Up* payments in any one calendar month cannot be more than the amount of principal and interest portions of what would be your monthly payment. If you do not *Double-Up*, you may not save this option to be used on a later payment date.

Here is an example of how to calculate the maximum permitted monthly *Double-Up* payments for a mortgage with non-monthly payments.

Weekly payments = principal and interest portions of payment x 52/12
Bi-Weekly = principal and interest portions of payment x 26/12
Semi-monthly = principal and interest portions of payment x 2

6.8 General Provisions On Prepayment

(1) If you use any Prepayment option, the schedule of payment dates will not change, unless we automatically increase your payments if your payment is not enough to pay all accrued interest due on the payment date.

(2) You promise to make payments until the Outstanding Amount is paid in full.

6.9 Convertible Mortgage Feature

(1) You may extend the Term without paying a Prepayment charge, as long as you have kept your Promises and you convert to one of the terms and mortgage types shown below. However, if you received a cash back amount, you will have to repay to us a proportionate amount of the cash back amount as described in Section 6.6 above. The conversion will take place on the date we select.

(2) The terms and mortgage types that you may convert to are:

- (a) a fixed rate Closed Mortgage having a term that is longer than the remaining term of the Mortgage immediately prior to the conversion date;
- (b) a RateCapper® mortgage at the interest rate we are then offering; or
- (c) a variable rate Closed Mortgage having a term that is longer than the remaining term of the Mortgage immediately prior to the conversion date.

SECTION 7 – DELAYING A PAYMENT

If you meet the conditions set out in this Section, you can *Skip-A-Payment®*, which means not making a regular payment on its payment date.

7.1 *Skip-A-Payment* Option

(1) This Section applies only if:

- (a) the Term is less than 10 years;
- (b) the Mortgage is not insured by CMHC (see Section 7.2 for the *Skip-A-Payment* rules for CMHC insured mortgages); and
- (c) you have kept all of your Promises.

(2) *Skip-A-Payment* means not making a payment under the following conditions:

(a) Once in every 12 month period during the Term, (starting on the Interest Adjustment Date or the anniversary date of the Interest Adjustment Date) you may *Skip-A-Payment* if the interest portion of the skipped payment, plus the Outstanding Amount, is not more than the Principal Amount.

(b) You may *Skip-A-Payment* up to the amount of any *Double-Up* payments made by you. The total amount of all skipped payments must not be more than the total of your *Double-Up* payments.

(c) If you *Skip-A-Payment* you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium.

(d) The interest portion of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(3) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

7.2 *Skip-A-Payment* Option For CMHC-Insured Mortgages

(1) This part applies only if:

(a) the Term is less than 10 years;
(b) the Mortgage is insured by CMHC; and
(c) you have kept all of your Promises.

(2) If the "loan to value ratio" is equal to or less than 90%, you may *Skip-A-Payment* as long as the Outstanding Amount plus the interest part of the skipped payment is not more than the Principal Amount.

(a) By way of explanation, "loan to value ratio" means the ratio of the Principal Amount to the lesser of:

(i) the price paid to buy your Property; and
(ii) the value of your Property, as we determine, on the date of the Mortgage.

(b) If the Mortgage is insured under CMHC's "95% Insurance" program or any related or successor program and the loan to value ratio is more than 90%, you may *Skip-A-Payment* only if, after having skipped the payment, the total of the Outstanding Amount plus the interest part of the skipped payment is equal to or less than 90% of the "loan to value ratio". To see whether you fit these conditions, you will need to know what the Outstanding Amount is, as a result of your repayments of principal. For example, Helen and Henry have a mortgage for a 5 year term, at a 6% interest rate, with a 20 year amortization period. Their house cost $200,000 and they borrowed $190,000 under the mortgage. Helen and Henry want to *Skip-A-Payment* in their first year as homeowners and in the fourth year. Can they do so? Follow the calculations:

	Year 1	**Year 4**
Principal Amount	$190,000	$190,000
Value of Property	$200,000	$200,000
Principal Amount repaid	$5,130	$22,400
Outstanding Amount	$184,870	$167,580
Interest part of skipped payment	$1,115	$1,105
Total Outstanding Amount plus Interest part of skipped payment	$185,985	$168,685
Ratio of Total Outstanding Amount plus Interest part of skipped payment to Principal Amount	**98%**	**89%**
	So they cannot *Skip-A-Payment* because of a ratio of more than 90%	**So they can *Skip-A-Payment* because of a ratio of less than 90%**

(c) You may not *Skip-A-Payment* if, as a result of the skipped payment, the original amortization period of the Mortgage would be extended or you have skipped the equivalent of four monthly payments at any time during the Term and you have not yet repaid them.

(d) When you *Skip-A-Payment* under this Part, you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium. The interest portion of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(e) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

SECTION 8 – MOVING THE MORTGAGE

(1) If you sell your Property, and you are not in Default, you can either move the Mortgage to your new property or the person who buys your Property can apply to assume the Mortgage by doing what is required by Section 9. You cannot do both – you must decide.

(2) You can only exercise the option to move the Mortgage to your new property within 90 days after the sale of your Property.

(3) To move the Mortgage to your new property, you must:

(a) meet our mortgage approval criteria;

(b) sign or authorize a new mortgage; and

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(c) pay any processing and administration fees, legal costs and property valuation fees, and any other expenses we incur.

(4) If the new principal amount is the same or less than the Outstanding Amount when you sell your Property, the Interest Rate will apply to your new mortgage. The maturity date for the new mortgage will be the same as the Balance Due Date.

(5) If your new principal amount is less than the Outstanding Amount when you sell your Property, you must pay us the difference between your new principal amount and the Outstanding Amount and the Prepayment charge that applies to the difference.

(6) If your new principal amount is more than the Outstanding Amount, the interest rate for your new Variable Rate mortgage will be the same rate as the Interest Rate.

(7) You must pay the applicable Prepayment charge and any cash back amounts owing under Section 6.6 when you sell your Property, but if you give us a first mortgage on your new property within ninety days of the sale, we will refund all or part of the Prepayment charge (depending on the amount of the new mortgage and if you meet the conditions above).

(8) If you wish to move the Mortgage and the Mortgage has mortgage default insurance, ask us to see if the mortgage default insurance can also be moved. You should also ask if you can move your *HomeProtector* insurance.

SECTION 9 – DUE ON SALE, ASSUMPTION OF MORTGAGE AND RELEASE OF OBLIGATIONS

(1) You must still keep your Promises even if you sell your Property.

(2) If you either agree to, or actually do, transfer your interest in your Property, either directly or indirectly, to a new owner without our approval, at our option the Outstanding Amount will immediately become due and payable in full and you will be required to pay the applicable Prepayment charge on the Outstanding Amount.

(3) If we accept payment from the new owner even though we did not approve the new owner, it will not mean that we have approved the transfer or that we have given up our right to require you to pay the Outstanding Amount.

(4) You must give us any information we ask for, to allow us to decide whether or not we want to give our approval. We will review that information and will tell you what we decide.

(5) We may set certain requirements that you and the new owner must meet as a condition of our approval. Our conditions will include the new owner signing our form of assumption agreement.

(6) Even if you sell the Property or transfer your interests, or we make any new agreement with the new owner with respect to any of the terms and conditions of the Mortgage, or if we accept payments from the new owner, that will not affect our rights against you or any Guarantor, unless we decide, at our discretion, that we will release you from your Promises. If we do not release you, you must still keep your Promises. You agree that we can renew or change the terms of the Mortgage in an agreement with the new owner, and that you will still have to keep your Promises, even though the Mortgage has been renewed or its terms have changed without your knowledge or consent.

SECTION 10 – RENEWAL OR AMENDING AGREEMENTS

(1) If we send you a mortgage renewal agreement and you do not sign and return it to us before the date required, the Mortgage will at our option be renewed on the terms we indicate in the mortgage renewal agreement.

(2) We may agree with you to change any of the terms of the Mortgage. We call this amending the Mortgage. If we do, you will still have to keep all your Promises.

(3) We do not have to register any renewal, amendment or extension to the Mortgage. The Mortgage, as renewed, amended, or extended will continue to have the same priority. For the purposes of Section 10 of the *Interest Act* (Canada), the date of the Mortgage will be the date the mortgage renewal, extension, or amendment takes effect.

(4) You do not have a right to renew, amend or extend the Mortgage. Renewal, amendment or extension of the Mortgage is at our discretion.

SECTION 11 – ADDITIONAL AMOUNTS

(1) If you have paid part of the Principal Amount, we may if we want to and if you meet our requirements, allow you to borrow additional amounts up to a maximum of the difference between the Outstanding Amount and the Principal Amount. If we allow you to borrow any additional amounts, all amounts borrowed will be secured by the Mortgage, in the same priority, and will bear interest at the interest rate that applies to the Mortgage at that time.

(2) If we let you borrow additional amounts, whenever this document refers to the Outstanding Amount, it will refer to all amounts owing, including all additional amounts.

SECTION 12 – WE DO NOT HAVE TO MAKE ADVANCES

(1) We do not have to advance or re-advance all or any part of the Principal Amount to you, if we decide not to, even though:

(a) you have signed the Mortgage or authorized its registration;

(b) the Mortgage is registered in the land registry office; or

(c) we have advanced part of the Principal Amount.

We may deduct from any advance:

(a) any Property Taxes that are due;

(b) any interest that is due and payable on the date of the advance; and

(c) any mortgage default insurance premium and application fees.

SECTION 13 – YOUR PROMISES

13.1 Your Property Tax Promises

(1) You promise to pay to us, if we require you to do so:

(i) on each payment date the amount of money that we estimate will be enough to permit us to pay Property Taxes when they are due; and

(ii) the balance owing in addition to the money you have already paid towards Property Taxes so that we can pay the Property Taxes in full.

(2) You promise to pay to us on each payment date one-twelfth of the amount we estimate will be required to provide enough money to pay all Property Taxes for the calendar year. We may re-estimate this amount from time to time. You agree to pay any additional amounts required because of this re-estimate.

(3) If you do not keep your Promises, any payments you make for Property Taxes may, at our option, be applied to pay the Outstanding Amount.

(4) As long as we require you to make Property Tax payments, and as long as you have kept your Promises, we will forward the amount required to pay Property Taxes to the local government as they fall due or at any time we choose. If the amount in the tax account is not enough to pay Property Taxes, we may advance amounts to the tax account to cover the shortfall or add the amount of the shortfall in the tax account to the Outstanding Amount. If you are sent a Property Tax notice, you must send it to us. If you do not send the notice to us and extra charges are imposed for Property Taxes, you must pay those charges. We are not responsible for any extra charges imposed because we did not receive a notice.

(5) We will charge you interest on any shortfall in the tax account at the Interest Rate. If you have a surplus in the tax account, we will pay you interest on that surplus at a rate that we choose.

(6) If at any time the Property Taxes we have paid exceed the amount you have paid us for Property Taxes, or we have to pay any fees because we have paid the Property Taxes on your behalf, we may immediately demand that you pay the shortfall to us. If you do not pay, we will add the shortfall to the Outstanding Amount.

(7) We may decide not to require you to make payments of Property Taxes through us. In that case, you agree to pay all Property Taxes on your Property as they fall due and will give us acceptable evidence, when we ask, that you have paid them.

13.2 Your Other Promises

(1) You also promise:

To pay all of our costs and expenses, including all legal fees, on a full indemnification basis, to

(i) Prepare the Registered Mortgage, including all necessary steps to advance and secure the Principal Amount, investigate title, pay a title insurance premium, register the Mortgage and to report to us;

(ii) Collect the Outstanding Amount;

(iii) Enforce the terms of the Mortgage, including efforts to make you keep your Promises;

(iv) Do anything which you promised to do but did not do; and

(v) Prepare and give you a discharge of the Mortgage when you have paid all amounts owing under the Mortgage, as required by the Mortgage.

(2) You promise to comply with all laws and orders applicable to the Property, including those concerning zoning, land-use and environmental protection.

(3) You agree that we may add any expenses and costs that we pay to the Outstanding Amount if you do not pay them.

13.3 No Deductions

You promise that all payments that you make to us or that we ask you to make will be made in full without any set-off or counterclaim and without any deductions or withholdings whatsoever. You promise that you will not cancel, offset or reduce any payments that you make.

SECTION 14 – YOU CONFIRM

In return for our agreeing to lend the Principal Amount to you, you promise and confirm that:

(a) You own your Property, you have the right to give the Mortgage and you mortgage your entire interest to us.

(b) The Mortgage is given to secure repayment of the Outstanding Amount and to ensure that you keep all your Promises. You release all claims on your Property to us, until all amounts owing under the Mortgage have been repaid as required by the Mortgage and you have kept your other Promises.

(c) You will pay all of the Outstanding Amount to us and keep all of your other Promises, as provided in the Mortgage.

(d) There are no limitations or restrictions on your title to your Property, except those disclosed to us in writing and that we approved.

(e) Your title to your Property is subject only to:

(i) Those interests filed in the land registry office at the time you give us the Mortgage; and

(ii) Any unregistered interests we have approved.

(f) As far as you know, no part of your Property or of any adjoining land is, has ever been or will in the future be used to manufacture, store or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders. No part of your Property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of, or adversely affect the sale of, your Property.

(g) You will, at your own expense, sign any documents and do anything we ask to ensure that all your interest in your Property has been mortgaged to us and that the Outstanding Amount is adequately secured by your Property.

SECTION 15 – OUR RIGHTS

15.1 Approval and Consent

Whenever this Mortgage talks about "approval" or a "consent", we mean approval or consent in writing, given by us before you act.

15.2 Money we Spend

We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate from the date that we spend the money until fully paid and will be secured by the Mortgage with the same priority. It shall be immediately due and payable to us.

15.3 Additional Interests in Property

By the Mortgage you grant and mortgage any additional or greater interest in your Property that you may later acquire.

15.4 Other Security

If you have mortgaged, charged or given us a security interest in anything else to better secure payment of the Outstanding Amount (**"Other Security"**), we may take legal proceedings under any of the Other Security in any order that we choose and at the same time as we are enforcing our rights under the Mortgage. If we get a judgment from the court, or recover any money under the Other Security, this will not affect our rights to enforce our rights under the Mortgage.

15.5 Consolidation

Our right of consolidation applies to the Mortgage and to any other mortgages given by you to us. This means that if you have mortgaged other property to us you will not have the right, after Default, to pay off the Mortgage or any mortgage of other property unless you pay us the money owed by you under the Mortgage and the Other Security.

SECTION 16 – PAYING OFF CLAIMS OR LIENS

(1) You promise not to allow any construction lien to remain undischarged on the title to your Property for more than 30 days, unless you:

(a) diligently dispute the validity of the construction lien by taking all necessary legal steps to do so;

(b) give us reasonable security by depositing money, bonds or other types of security acceptable to us (the "Security") to pay the construction lien and associated legal costs in full, including our legal costs on a full indemnification basis; and

(c) authorize us to use the Security to pay the construction lien and any of our legal costs on a full indemnification basis and those of the lien claimant in full, if the construction lien is found to be valid.

(2) We can pay off the claims of other creditors, who have an interest in your Property. These may include construction liens and other liens, government claims or encumbrances. If we pay off a claim you will pay the amount to us when we ask. Any amount we pay to the other creditor that you do not repay will be added to the Outstanding Amount. We can, if we think it is necessary, pay off any mortgages, charges, interests, claims or liens that have priority over the Mortgage, including realty taxes, utility charges, construction liens, or any amounts payable to a condominium corporation.

(3) Once we have paid off any such claims we are entitled to all the rights, equities and securities of the creditor. We can retain any discharge, if we need to.

(4) You promise to pay any money which, if not paid, would result in a default under any mortgage or claim that legally ranks before the Mortgage or that may result in the sale of your Property if not paid.

(5) You promise to pay and cause to be discharged any other mortgages, charges, liens, security interests, claims or other interests that we are not willing to have remain on your Property.

SECTION 17 – PROPERTY INSPECTIONS

(1) We or our agents may at any reasonable time inspect your Property, including the buildings.

(2) If the Mortgage has mortgage default insurance, the Mortgage Default Insurer and its agents can also inspect your Property.

(3) Inspections may include environmental testing, site assessments, investigations and studies.

(4) You promise to pay for the costs of the inspection including any tests or studies.

(5) If you do not pay our costs, we may add the costs to the Outstanding Amount.

(6) If we, our agents, the Mortgage Default Insurer or its agents do conduct an inspection, neither we nor they will be considered to be in possession or control of, or managing, your Property.

SECTION 18 – ADVANCES OF MONEY FOR CONSTRUCTION MORTGAGES

(1) If the money we loaned is to be used to pay for any construction, alteration or addition on your Property, we may make advances of the Principal Amount to you based on the progress of construction.

(2) We will decide whether or not any advances will be made, the amount of the advances and when they will be made.

(3) Subject to Section 12, we may make advances to you based on how much of the construction, alteration or addition has been completed and the amount of money you need to complete.

(4) We may retain funds from any advance until we are completely satisfied that the holdback provisions of the *Construction Lien Act* (Ontario) have been complied with.

(5) If this Mortgage is a construction mortgage, we may require that accrued interest on progress advances from the date of these advances be paid in monthly instalments starting on the first day of the next month after the first advance, and on the first day of each following month. The balance of the interest must be paid on the Interest Adjustment Date. Interest will be payable at the Interest Rate and calculated daily. We may, if we want to, retain accrued interest out of the proceeds of each advance of the Mortgage. If the Principal Amount is not advanced in full on the Interest Adjustment Date, the Interest Adjustment Date will change to the date of the final advance. This means the Last Payment Date and Balance Due Date will also change. If the final advance is not made within 12 months of the date of application for the Mortgage, we will automatically set your Interest Adjustment Date to a date that is approximately 12 months from the date of your application for the Mortgage and the Term will start on that date.

SECTION 19 – SAFEGUARDING THE VALUE OF YOUR PROPERTY

You promise:

(1) To keep all of the buildings and improvements on your Property in a good condition and state of repair and to repair them as we require. If you do not make the repairs when we ask, we can make whatever repairs we think are needed. You must immediately pay the costs of any repairs we make and of any inspections. If you do not pay those costs, we will add them to the Outstanding Amount.

(2) You will not tear down any building or structure, or part of any building or structure, on your Property without our approval.

(3) You will not do, or let anyone else do, anything that may reduce the value of your Property.

(4) You will not construct, alter or add to any buildings or improvements on your Property without our consent, and if the Mortgage is insured by a Mortgage Default Insurer, without its consent. Any construction or renovation must meet all applicable construction standards, building codes and municipal or governmental requirements. You must build or renovate using only new materials and according to the plans and specifications we have approved and if the Mortgage is insured by a Mortgage Default Insurer, it must approve the plans and specifications.

(5) You will provide us, and any Mortgage Default Insurer, with any information or material, such as plans, specifications, building permits, insurance and like information, as required to decide whether to give approval or not.

(6) We and any Mortgage Default Insurer, may set certain requirements which you must comply with as a condition of giving approval.

(7) Once we and any Mortgage Default Insurer have given approval you will only then demolish, make such alterations, additions or improvements in accordance with the approved plans and specifications and all applicable construction standards, building codes and municipal or other government requirements and you will complete the work as quickly as possible.

(8) You authorize us or, if your Mortgage is insured, the Mortgage Default Insurer, to enter your Property at all reasonable times to inspect and repair, but we will not be considered to be in possession or control of the Property by exercising this right.

SECTION 20 – WITHHOLDING TAXES

(1) If you are not a Canadian resident for income tax purposes, the country where or in which you are a resident for income tax purposes may charge a withholding tax on the interest portion of your payment to us. We must receive interest payments free and clear of any withholding tax.

(2) You are responsible for paying any withholding tax. If you must pay withholding tax, you promise to remit the withholding tax to the tax authority of the country of which you are a tax resident. You promise to give to us the withholding tax receipt issued by the foreign tax authority as proof you paid the withholding tax.

If you do not pay the withholding tax and the foreign tax authority makes us pay it, you promise to pay the withholding tax to us when we ask for it. If you do not pay it to us, the amount will be added to the Outstanding Amount. In some circumstances, we may tell you that we will collect and remit the withholding tax on your behalf. If we tell you this, we will remit the withholding tax to the foreign tax authority from the interest we collect.

SECTION 21 – INSURANCE

(1) You promise to maintain adequate insurance on your Property until the Outstanding Amount has been repaid in full.

(2) You promise, if we ask, to give us certified copies of the insurance policy and evidence of its renewal not less than 15 days before the policy expires.

(3) The insurance must be with a licensed insurance company and must be for the full replacement value of your Property in Canadian dollars. The insurance policy must contain mortgage clauses approved by The Insurance Bureau of Canada. These clauses must provide that loss proceeds are payable to us first, and we have the first right to receive and to have a first lien on the loss proceeds. You must also assign your insurance policy to us.

(4) The insurance policy must protect against the following risks: fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke and falling objects.

(5) We may also require that other risks be covered, depending on the nature or location of the Property.

(6) The insurance policy must cover all buildings on your Property, whether before, during or after construction, and all fixtures attached to the buildings.

(7) We can, if we want to, place and pay for any insurance policy if you fail to do so.

Any money which we pay for insurance will be immediately payable by you to us, and will be added to the Outstanding Amount if not paid.

(8) If any loss or damage occurs, you promise, at your expense, to immediately do everything necessary to allow us to receive the insurance proceeds.

(9) Production of the Mortgage will be sufficient authority for the insurance company to pay proceeds to us and the insurance company is directed to pay the proceeds to us.

(10) Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your Property;

(ii) used to repay any part of the Outstanding Amount, whether due or not, and any Prepayment charge on the amount repaid; or

(iii) paid to you.

SECTION 22 – ENFORCING OUR RIGHTS

22.1 Defaults

A Default occurs if

(a) You do not make any payment when required;

(b) You do not keep any of your Promises;

(c) You become insolvent or bankrupt; or

(d) Your Property is abandoned or is left unoccupied so your insurance policy could be cancelled.

Not keeping your Promises includes breaking or not keeping any of your Promises in any way.

22.2 Consequences of a Default

If a Default occurs we can, if we wish, do any one or more of the following, in any order that we want:

(a) ***Demand Payment*** – demand that you immediately pay the Outstanding Amount.

(b) ***Sue You*** – take action in court to make you pay the Outstanding Amount or make you keep your Promises.

(c) ***Lease Your Property*** – if Default continues for 15 days, we may, on 15 days notice to you, enter on and lease your Property. We may apply the net rent to reduce any part of the Outstanding Amount. If the net rent is not sufficient to pay the Outstanding Amount in full, you must pay us the difference.

(d) ***Sell Your Property*** – if Default has continued for 15 days, we may enter your Property and, on at least 35 days prior written notice to you and any other party entitled to notice as required by Part III of the *Mortgages Act* (Ontario), sell your Property or any part of your Property. We can sell by public auction or private sale, or partly by one way and partly by the other. You agree we may sell all or part of your Property for cash or on credit, or partly for cash and partly on credit, and otherwise on whatever terms we negotiate. If we sell on credit, we will not be required to reduce the Outstanding Amount, or pay any sale proceeds to you in any situation where you are entitled at law to receive them, until we receive payment of the Outstanding Amount. We may also buy your Property ourselves, or terminate or amend any agreement we enter into for the sale of your Property and resell if we decide to do so. After we sell your Property under power of sale, we will use the money we receive from the sale to pay:

(i) any amounts required to be paid to any party with a higher right in your Property than us;

(ii) any auctioneer's fees or real estate agent's commission;

(iii) all adjustments usually made on the sale of property;

(iv) all of our expenses and costs as described in Section 22.4;

(v) the Outstanding Amount;

(vi) any amounts owed to any party holding a mortgage, lien or other security on your Property with a lower priority to the Mortgage; and

(vii) any surplus to you.

We may make these payments in any order we want to.

After payment of the amounts referred to in paragraphs (i) to (iv) above, if the remaining money is not enough to pay all the Outstanding Amount, you promise to pay the remaining unpaid Outstanding Amount to us on written demand to do so.

(e) ***Court Sale*** – apply to the court for an order for the sale of your Property under the supervision of the court. If the net proceeds of sale are not enough to pay the Outstanding Amount, you promise to pay us the remaining unpaid Outstanding Amount to us on written demand to do so;

(f) ***Foreclose*** – apply to the court to foreclose your interest in your Property, so that when the court makes its final order of foreclosure, all your interest in your Property will be absolutely transferred to, and belong to, us and you will no longer have any interest in your Property;

(g) ***Appoint a Receiver*** –appoint a receiver (which includes a receiver and manager) to collect any income from your Property or take any other action with respect to your Property which we could take. We will appoint a receiver by written notice to you. The receiver will be your agent, not ours, and you alone will be responsible for all of the receiver's acts or omissions. We will not be accountable for any money received by the receiver, except to the extent that we actually receive the money. The receiver may use every available remedy that we have under the Mortgage, including collecting income from your Property, taking possession of all or part of your Property, managing your Property, keeping your Property in good condition, finishing any buildings under construction on your Property, leasing your Property and selling your Property. From the income collected from your Property, or the proceeds of the sale of your Property, the receiver will pay:

(i) all rents, taxes, rates, insurance premiums and other expenses required to keep your Property in good condition;

(ii) all amounts necessary to repay any money it has borrowed for the purposes of your Property, including interest and any penalties on borrowed money;

(iii) all amounts required to keep any encumbrances ranking in priority to the Mortgage in good standing;

(iv) its own compensation as receiver;

(v) all costs with respect to any leasing or sale of your Property; and

(vi) any part of or all of the Outstanding Amount, whether it is due or not, together with any Prepayment charge.

(h) ***Take Possession*** – take possession of your Property, without any interference by you or anyone else living on your Property, and free from any other mortgages, charges, liens or easements, limitations or restrictions that we did not approve. If we take possession, we can ask you to leave your Property with all your belongings. If you do not leave, the court will order you to leave and if you refuse, the court will have you forcibly removed. Once in possession, we may do anything we consider necessary to:

(i) inspect, collect rents, manage or lease your Property;

(ii) complete the construction of any building on your Property;

(iii) repair any building on your Property; or

(iv) take any other action permitted under the Mortgage or by law.

If we take possession, we will not be responsible for maintaining and preserving your Property. We will only account to you for any money we actually receive in connection with the Mortgage or your Property.

(i) ***Other Action*** – take any other necessary action to take, recover and keep possession of your Property.

(j) ***Non-interference*** – if we take possession of your Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your Property may be leased or sold, and you will not make any claim against any person to whom your Property may be leased or sold.

(k) ***Abandoned Personal Property*** - any furniture, appliances, or household personal belongings which remain on your Property for a period of 15 days after we or a receiver take possession of the Property shall be deemed abandoned and we may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we choose.

22.3 Remedies after a Court Order

Even if we obtain judgment against you,

(1) We may continue to use the remedies described in Section 22.2 to make you keep your Promises; and

(2) We will be entitled to continue to receive interest and compound interest at the Interest Rate on the Outstanding Amount until the judgment is paid in full.

22.4 Our Expenses

(1) You promise to pay us all reasonable expenses and costs we incur to enforce the Mortgage or exercise any of our rights under the Mortgage.

(2) Expenses and costs will include our costs of taking and keeping possession of your Property, any costs of removal, storage, or disposal of goods, any costs of repairs or improvements to your Property, legal fees and disbursements on a full indemnification basis and all other costs and expenses we incur to protect our interests.

(3) These expenses and costs will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate until fully paid and will be secured by the Mortgage, in the same priority.

22.5 Bonus on Default

(1) If you default in any payment, we require you to pay a charge equal to three (3) months interest in advance at the Interest Rate on the Outstanding Amount.

(2) You cannot get a discharge of the Mortgage without making this payment or giving us three (3) months' prior written notice that you will be paying the Outstanding Amount, as required by law, and paying the Outstanding Amount on the date stated in the notice.

22.6 Delay in Enforcing our Rights

If you Default, and we do not exercise any of our rights or do not ask you to remedy the Default, we are not prevented from making you remedy the Default later or exercising any of our rights in connection with the Default later or any other Default.

SECTION 23 – DISCHARGE

(1) **Full Discharge** – We will discharge the Mortgage when:

- (a) You have paid all amounts owing as and when required under the Mortgage, including any Prepayment charge;
- (b) You have kept all other Promises under the Mortgage; and
- (c) You have paid our fee and costs to prepare and register the discharge.

(2) If we fully discharge the Mortgage we will no longer be entitled to enforce our rights under the Mortgage. We will not give you notice if we intend to discharge the Mortgage.

(3) We will prepare the discharge and register it, if we want to. If we register the discharge, we will send you a letter telling you it has been registered. You will pay us the administration fee that we charge when a mortgage is paid in full. If we register the discharge, you will also pay the registration costs.

(4) Partial Discharge

- (a) We may release our interest in all or any part of your Property, if we wish. We can do this whether or not we receive any money. We will only be accountable to you for money we actually receive. If we receive money, we will apply it to what you owe us, including the applicable Prepayment charge.
- (b) If we release our interest in part of your Property, the part remaining will continue to secure the Outstanding Amount. If we release part of your Property, your Promises, as well as the Promises of any Guarantor, will continue unchanged.

SECTION 24 – RENTING YOUR PROPERTY

(1) You promise that you will occupy your Property. If you want to rent, lease or enter into any form of tenancy agreement covering all or any part of your Property, you promise to get our prior consent. We may refuse to give it, at our option.

(2) If you have told us that your Property is, or will be, used only as an owner-occupied residential property, you confirm that no part of your Property is rented or occupied by a tenant.

(3) If you do not keep any of these Promises, at our option, the Outstanding Amount will immediately become due and payable and we will be entitled to enforce any of our rights.

(4) In this case, we can pay any amount we think is needed to any tenant, to obtain the co-operation of the tenant in selling your Property, showing your Property and obtaining possession of your Property or any part of your Property from the tenant. You agree that any amount we pay to a tenant will be added to the Outstanding Amount.

(5) Nothing we do under this Section 24 will put us in possession, control or management of your Property and we are not obliged to collect any rent or income from your Property, or comply with any terms of any lease or agreement.

(6) If you rent all or any part of your Property without our approval, we will have the same rights and remedies as if you had tried to discourage us from taking possession of your Property if you had defaulted under the Mortgage or adversely affected the value of your Property within the meaning of Section 52(1) of the *Mortgages Act* (Ontario).

(7) If you rent your Property with our consent, you assign to us:

- (a) All leases, lease agreements and their renewals, whether current or future;
- (b) All rents payable under the leases and lease agreements; and
- (c) All rights under the leases or lease agreements that affect your Property.

SECTION 25 – ENFORCING OUR RIGHTS

If you do not keep your Promises, then at our option

(1) The Outstanding Amount will immediately become due and payable, together with a portion of any cash back amount that you promise to repay, as explained in Section6.6; and

(2) We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount. It will be immediately due and payable will bear interest at the Interest Rate until fully paid to us and will be secured by the Mortgage, in the same priority.

SECTION 26 – CONDOMINIUM MORTGAGES

(1) If your Property is a condominium unit, you promise to meet these obligations, in addition to your other Promises under the Mortgage:

(a) You must comply with the *Condominium Act* (Ontario), and the declaration, by-laws and rules of the condominium corporation. We may ask you to provide proof of compliance.

(b) You must pay the common expenses for your Property to the condominium corporation on the due dates. We may ask you to provide proof of payment.

(c) We have the right to give you notice that we will collect your contribution to the common expenses from you and you agree to make that payment. We can accept a statement from the condominium corporation as conclusive evidence of how much is owed for common expenses and when it must be paid.

(d) You will forward to us any notices or assessments from the condominium corporation.

(e) You must maintain in good condition and state of repair all improvements made to your Property.

(f) You must repair your Property after damage.

(g) You must ensure that the condominium corporation complies fully with:

(i) The terms of all insurance policies on the condominium;

(ii) All obligations imposed by the *Condominium Act* (Ontario);

(iii) The by-laws of the condominium corporation; and

(iv) The insurance provisions of the declaration of the condominium corporation.

(h) You must carry adequate insurance. This means you must insure all improvements made to your Property. The insurance policy must cover your Property against destruction or damage by fire and by other perils usually covered in fire insurance policies, as well as those perils listed in Section 21(4) of the Mortgage. You must obtain insurance for any additional risks that we require.

(i) The policy must cover your Property for its full replacement cost: this means the maximum amount for which it can be insured.

(j) You must insure the common or other interest in both planned and existing buildings, which form part of the condominium property if the condominium corporation fails to insure them.

(k) You must assign your insurance policies to us. As far as it is legal to do so, you must assign your interest in any insurance policies held by the condominium corporation.

(l) You must provide us with proof that the insurance for the condominium corporation and your insurance is in force. If the policy is renewed or replaced, you must inform us at least thirty days before the insurance expires.

(m) You must do everything that is necessary to collect any insurance proceeds.

(n)

(i) You authorize us, in your name and on your behalf, at all times, to exercise your rights under the *Condominium Act* (Ontario) to vote at any meeting of the condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the property or assets of the condominium corporation. This authorization includes voting on or any consent to the termination of the condominium corporation;

(ii) In exercising these rights, we can choose to not vote or consent at any particular time or on any particular issue;

(iii) If we do vote or consent for you, we do not as a result become a mortgagee in possession. We are not responsible to protect your interests. We are also not responsible for the way we vote or consent, or if we fail to do so;

(iv) We can, if we wish, give notice to you and the condominium corporation at any time that we do not intend to exercise our right to vote or consent and, until we revoke this notice, you may vote or consent. Any notice we may give may be for an indeterminate or limited period of time, or for a specific meeting or matter.

(o) If we wish, the Outstanding Amount will become payable immediately if:

(i) the governing of your Property by the condominium corporation under the *Condominium Act* (Ontario) is terminated. This means your Property is no longer part of a condominium;

(ii) a vote of the unit owners authorizes the sale of all or any material part of the property of the condominium corporation, including a material part of its common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act* (Ontario), or the declaration, by-laws or rules and regulations of the condominium corporation;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against, for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

SECTION 27 – LEASEHOLD MORTGAGES

(1) If you rent or lease your Property from someone else, you certify that:

(a) You lease your Property under a valid lease, you have given us a copy of that lease and you have good leasehold title to your Property;

(b) You have paid all rents and other payments required under the lease and you have kept all of your other promises in the lease, up to the date you sign or authorize the Mortgage;

(c) You either have the consent of your landlord to the Mortgage, or you have the right to charge your interest in the lease to us, without consent; and

(d) There are no limitations on your interest in the lease except for any set out in the lease, or restrictions registered in the land registry office.

(2) From now on, you promise that:

(a) You will pay rents and other payments required by the lease when due;

(b) You will do everything you are required to do under the lease;

(c) You will not surrender or transfer your interest in the lease or cause it to be terminated or transferred;

(d) You will not make any change in the lease without our approval;

(e) You will immediately give us a copy of any notice or demand you receive about the lease;

(f) You will, at your expense, do anything that we think necessary to ensure that all your interest in your Property and in the lease is covered by the Mortgage and that the Outstanding Amount is adequately secured;

(g) If you default under the lease, and we have to pay anyone else, as required by law or to protect our security, you will pay us back. If you do not pay us back, the amount we paid will be added to the Outstanding Amount;

(h) You will hold the last day of the term of the lease or of any renewal term in trust for us and will only deal with it as we require. At our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal;

(i) We may remove you or any other person as trustee of this trust and appoint a new trustee;

(j) You must not let any renewal or other options lapse. Unless we tell you otherwise, you should renew the lease or exercise any other option so that the lease will continue as long as the Mortgage is outstanding, and provide us with evidence as we may require;

(k) If you subsequently buy the Property from the owner, the Mortgage will automatically become a Mortgage on the entire interest in the Property, as if you had owned Property at the time that we advanced you the Principal Amount. If we ask, you agree to re-mortgage and charge your interest in your Property to us, and to execute or authorize a mortgage and any other documents we ask;

(l) If you fail to keep any of your promises under the lease, we can treat that as if you had defaulted under the Mortgage and we can exercise our rights under Section 22;

(m) If we enforce our rights under the Mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in your Property; and

(n) You irrevocably appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal, and transfer your interest in your Property. This is a right coupled with an interest.

SECTION 28 – EXPROPRIATION

(1) If your entire Property is expropriated, the Outstanding Amount will immediately become due and payable, together with any applicable Prepayment charge.

(2) If only a part of your Property is expropriated, you promise to pay to us the amount you are awarded for the partial expropriation and we will credit it to any Prepayment charge applicable to that amount and to the Outstanding Amount.

(3) If we consider that the remainder of your Property is not adequate security for the Outstanding Amount, then the Outstanding Amount, or the part of the Outstanding Amount as we decide, will immediately become due and payable together with the Prepayment charge applicable to that amount.

(4) Any amount you pay us because of an expropriation must include the Prepayment charge applicable to that amount.

SECTION 29 – GUARANTEE

(1) In this Section the term "Borrower" means the person we loaned money to and who gave us the Mortgage.

(2) In return for us having made a loan to the Borrower, each person who signs the Registered Mortgage as "Guarantor" agrees with us, as a principal debtor and not as a surety, to pay us the Principal Amount and all other amounts secured by this Mortgage, together with interest at the Interest Rate on the days and at the times the Borrower is required to pay them under the Mortgage and to observe and keep all of the Borrower's other Promises under the Mortgage, without our having to ask the Guarantor to do so.

(3) Each Guarantor, if there is more than one, will be jointly and severally liable with each other and with the Borrower for keeping all the Promises. This means that if there are 2 or more Guarantors, each is collectively and individually liable with each other and with the Borrower for keeping all the Promises.

(4) We may at any time and from time to time do the following without the consent of, or notice to, any Guarantor:

- (a) give extensions of the time to pay any amount owing under the Mortgage or the keeping of any other Promises or waive the Borrower's obligation to keep any particular Promise;
- (b) give extensions of the Term, including any renewals of the Mortgage or its Term for further periods of time, whether any extension or renewal is by way of a written agreement with the Borrower or otherwise;
- (c) increase or decrease the Interest Rate, either during the Term or any renewal or extension period of the Mortgage;
- (d) release the whole or any part of the Borrower's Property from the Mortgage;
- (e) waive any provisions of the Mortgage or change any terms or conditions of the Mortgage at any time during the Term, or during any future extension or renewal period;
- (f) shorten or lengthen the amortization period of the Mortgage;
- (g) advance and re-advance amounts of Principal Amount to the Borrower;
- (h) permit any prepayment of Principal Amount, the skipping of any payment or the making of multiple payments by the Borrower, whether or not these payments are allowed under the Mortgage; and
- (i) release any Guarantor from any promise made in this Section or release the Borrower or any future owner of the Property from any Promise made in the Mortgage;

without in any way affecting the guarantee or the obligations of any Guarantor. The obligations of the Guarantor under this guarantee will extend to and include the Promises of the Borrower as so amended, renewed, extended, varied or waived.

(5) We may require any Guarantor to make a payment or keep any Promise from any Guarantor before we try to get the Borrower to make the payment or keep any Promise.

(6) The Guarantor's promises and obligations under this guarantee will not be affected by any of the following:

- (a) the Borrower's or any Guarantor's disability, incapacity or death;
- (b) any invalidity in the Mortgage or Promises of the Borrower;
- (c) any release of Promises, except if the Outstanding Amounts are paid in full, including any Prepayment charge;
- (d) our getting a court order against the Borrower, or our taking any steps to realize on the Mortgage (or not taking any steps), or by our exercising any remedy against the Borrower or the Borrower's assets;
- (e) any law which might affect any terms of the Mortgage or this guarantee, or the Borrower or the Guarantor;
- (f) any failure by us to enforce our rights under the Mortgage or Other Security; and
- (g) any other fact or occurrence which may change the Guarantor's risk, or might constitute a discharge of the Guarantor.

(7) Until the Borrower has kept all of the Borrower's Promises, including paying everything the Borrower owes the Guarantor the Borrower will not have any guarantee rights and the Guarantor agrees not to ask for reimbursement from the Borrower until such time.

(8) The Guarantor acknowledges having received a copy of the Mortgage.

(9) All obligations of any Guarantor will also be those of the Guarantor's heirs, executors, administrators, personal representatives, successors and assigns and will not be altered by the insolvency or bankruptcy of any Borrower or Guarantor.

(10) The Guarantor's liabilities and obligations under this Guarantee are absolute and unconditional in all circumstances.

SECTION 30 – ADMINISTRATION FEES

You promise to pay to us, when we ask, our administration and processing fees we charge at that time to prepare an assumption statement, information statement, payout statement, amending or other agreement, a transfer

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CLAUSES TYPES DE CHARGE
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of the Mortgage, or any fees referred to in Section 23. If you do not pay a fee it will be added to the Outstanding Amount. Interest at the Interest Rate will be charged on these unpaid fees.

SECTION 31 – APPLICABLE LEGISLATION

31.1 Statutory Covenants Replaced

The *Land Registration Reform Act* sets out certain covenants in Section 7 (1). These covenants are excluded from the Mortgage and replaced with your Promises.

31.2 Ontario New Home Warranties Act

If the *Ontario New Home Warranties Plan Act* applies to your Property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

31.3 National Housing Act

If the Mortgage is insured by CMHC the Mortgage is made under the *National Housing Act*.

31.4 Spousal Consent

Your spouse, by signing the Mortgage, consents to the Mortgage and releases all interest in the Property to the extent necessary to give effect to our rights under the Mortgage. Your spouse also agrees that we may, without further notice, deal with the Property and the debt created by the Mortgage as we wish.

SECTION 32 – WHO IS BOUND BY THE MORTGAGE

(1) Not only are you bound by everything in the Mortgage, but also your heirs, executors, administrators, personal representatives, successors and assigns, and anybody else to whom your Property is transferred are bound.

(2) If more than one person signs or authorizes the Mortgage as Borrower, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(3) If more than one person signs or authorizes the Mortgage as Guarantor or signs or authorizes a guarantee of the Mortgage, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(4) By way of explanation, the term "jointly and severally" means that if there is more than 1 person signing or authorizing the Mortgage as Borrower or as Guarantor, each is collectively and individually liable with all other persons signing or authorizing for keeping all the Promises.

SECTION 33 – INTERPRETATION

33.1 Partial Invalidity

If any provision of the Mortgage is found to be illegal or unenforceable, this will not affect the validity or enforceability of the other provisions.

33.2 Paragraph and Section Headings

Paragraph and Section headings do not form part of the Mortgage, but are used only for easy and convenient reference. They do not affect the construction or interpretation of the Mortgage.

33.3 Number and Gender

Unless the context requires otherwise, words in the singular include the plural, and vice versa, and words specifying a gender include all genders.

33.4 Statutes

Any reference to any statutes shall be deemed to be a reference to such statute and any and all regulations from time to time made under such statute and to such statute and regulations as amended or re-enacted from time to time. Any references in this document to a specific section or sections, paragraph or clause of any statute or regulation shall be deemed to include a reference to any corresponding provision of future law.

Date: October 25, 2005

ROYAL BANK OF CANADA

Per:
Name: Catherine Adams
Title: Vice President, Home Equity Financing Products

Per:
Name: Nancy Santini
Title: Assistant Secretary

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Filing Date NOV. 4th 2005 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

Filed by Montreal Trust Company of Canada **SET OF STANDARD CHARGE TERMS NO.**

The following set of standard charge terms shall be deemed to be included in every charge in which the is referred to by its filing number, as provided in Section 9 of the Act.

1. **Definitions**

Mortgage means, for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land, or, for the electronic registration system, the charge prepared in electronic format and registered electronically pursuant to the provisions of the *Land Registration Reform Act* (as amended or replaced), as well as any attached schedules and this set of standard charge terms. **You** and **your** mean each person who has signed or is bound by the Mortgage as Chargor; **we, our** and **us** mean Montreal Trust Company of Canada, the Chargee including our successors and assigns; **Property** means the land described under **Description** or under Properties in the mortgage or any schedule attached to it and anything else included under the heading **Description of property covered** below; **Obligations Secured** means all debts and liabilities described under the heading **Obligations Secured. Agreements** means all of the contracts, agreements, promissory notes, bills, notices or other documents which govern or relate to the Obligations Secured and all renewals, replacements and substitutions of them. The Mortgage is made pursuant to the **Mortgages Act**. If this is a CMHC-insured mortgage, it is made pursuant to the **National Housing Act**.

2. **Description of property covered**

Any buildings now or later on the property and any other property that is at any time attached or fixed to the land, including additions, alterations and improvements to the buildings are covered by this Mortgage.

3. **Obligations Secured**

The debts and liabilities secured by this Mortgage are all debts and liabilities, present or future, absolute or contingent, matured or not, at any time owing by you to us or remaining unpaid by you to us, either arising from dealings between you and us or from any other dealings or proceedings by which we may be or become in any manner whatever your creditor, and wherever incurred and whether incurred by you alone or with another or others and whether as principal or surety.

You agree to pay in accordance with the Agreements and this Mortgage all amounts including but not limited to all costs and other amounts due to us under this Mortgage or under any of the Agreements, and all interest, including compound interest, accruing on the Obligations Secured from time to time. These amounts are secured by this Mortgage and form part of the Obligations Secured.

You agree not to enter into any other agreements or to further mortgage, charge, hypothecate or encumber the property without our prior consent.

4. **What the mortgage does**

By signing this Mortgage, you charge your entire interest in the property to us, and to anyone to whom the Mortgage is transferred in any way, as security for the payment to us, on demand, of the Obligations Secured up to the principal amount expressed as the Principal Amount or as the Principal in the mortgage. The preceding sentence does not include the final day of any lease. The Mortgage secures a current or running account. The Mortgage is not satisfied or discharged by any intermediate payment of all or part of the Obligations Secured but remains a continuing security for payment of the Obligations Secured, notwithstanding any change in the amount, nature or form of the Obligations Secured or any renewal, extension, amendment or replacement of the Agreements.

Our charge upon your interest in the property subject to the Mortgage will end when:

(i) You have repaid the Obligations Secured including all amounts to which we may become entitled under the Mortgage, and

(ii) You have done everything else you have promised to do in the Agreements and the Mortgage, and

(iii) We have signed and delivered to you a Discharge of the Mortgage or Notification of Discharge.

You may remain in possession of the property as long as you are not in default under any of the Agreements and as long as you meet all your other obligations to us under the Mortgage.

5. **No obligation to advance**

We have no obligation to advance funds to you, even though the Mortgage is prepared, signed or registered, and whether or not any amounts have already been advanced. However, by signing the Mortgage you charge all of your interest in the property to us. You will reimburse us, on demand, for all our expenses incurred in investigating the title to the property and preparing and registering the Mortgage.

6. **Your title to the property**

As owner of the property, you certify that, as of the date of this Mortgage and at each subsequent advance of the Obligations Secured:

(i) You are the lawful owner of the property;

(ii) There are no encumbrances on the title to the property other than those disclosed on the registered title to the property; and

(iii) There are no limitations or restrictions on your title to the property except building by-laws, zoning regulations and registered restrictions which have been complied with.

If you are a tenant of the property, you certify that, as of the date of this Mortgage and at each subsequent advance of the Obligations Secured:

(i) The property is leased to you and your legal or personal representatives under a lease, a copy of which you have provided to us;

(ii) The lease is a binding and existing lease and all information you have provided to us concerning it is true;

(iii) All rents payable and other amounts due under the lease have been paid to the date you sign the Mortgage;

(iv) You have permission or the right to assign and mortgage or charge the lease; and

(v) Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions which have been complied with.

You promise not to do anything that will interfere with our charge upon your interest in the property and you agree to sign any documents which we think are necessary to charge to us your interest in the property.

7. **Your Responsibilities**

(i) **Payment** – You agree to pay us the Obligations Secured on demand, and to comply with all your other obligations under this Mortgage or under all Agreements.

(ii) **Insurance** – You will insure without delay, and keep insured, in our favour and until the Mortgage is discharged, all buildings and improvements covered by the Mortgage (including those which will be built in the future both during construction and afterwards) ("the Buildings") against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the Buildings (the maximum amount for which the Buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and the Canadian standard mortgage clause satisfactory to us stating that loss under the policy is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the Buildings and any proceeds from that insurance. Co-insurance is not permitted.

If you do not:

- maintain insurance on the Buildings that, in our opinion, complies with this paragraph;
- deliver a copy of any insurance policy or receipt to us at our request; or
- provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the Buildings. What we pay for any insurance we obtain under this paragraph shall be added to the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You will pay this amount to us immediately. Also, if the insurance you obtain is not acceptable to us in our reasonable estimation, we can require you to replace it with insurance which is acceptable. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. Our providing a copy of this Mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss. If the property includes a condominium unit you will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

Insurance proceeds may, to the extent permitted by law, in whole or in part and, at our option, be applied to rebuild or repair the damaged Buildings or paid to you or paid to any other person who owns or did own the property, (as established by the registered title) or applied, at our sole discretion, to reduce any part of the Obligations Secured, whether due or not yet due.

(iii) **Taxes** – You agree to pay all taxes on the property when they are due. You will make monthly tax payments to us on account of property taxes with each monthly loan payment. The amount of each monthly tax payment will be approximately 1/12th of our estimate of a year's taxes on the property next coming due and payable and may change from time to time to reflect changes in the annual taxes on the property. The monthly tax payments should enable us to pay all taxes on or before their annual due date. Or, if the taxes are payable in instalments, the monthly payments should enable us to pay the full year's instalments of taxes on or before the date on which the final instalment is due.

You will also pay us, on demand, any amount by which the actual taxes on the property exceed our estimate of your taxes. Or, at our option, we may increase the payment to cover this amount.

We will apply the monthly payments we receive from you towards payment of your property taxes as long as you are not in default under the Mortgage. We are not obliged to make tax payments on multiple instalment dates or more often than once a year. If you have not paid us enough for taxes, we may, at our option, still pay the taxes. This will create a debit balance in your tax account. We may also add this amount to your outstanding balance and it will bear interest at the interest rate payable on the loan amount. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created.

We will pay you interest on any credit balance in your tax account. The interest we pay will not be less than that paid by Scotiabank on savings-chequing accounts with the same credit balance. We will charge you interest on the debit balance in your tax account at the interest rate provided for in the Agreements until the debit balance is paid to us in full. Any such debit balance and all accrued interest thereon will form a part of the Obligations Secured.

If you fail to pay us any Obligations Secured when it is due, we may apply the credit balance in your tax account towards payment of the Obligations Secured.

We can deduct from any advance of the Obligations Secured enough money to pay all taxes due which have not been paid.

You will immediately send us all assessment notices, tax bills or tax notices which you receive and provide us with receipted tax bills if we require.

(iv) **Other charges** – You agree to pay all taxes, charges, mortgages, liens, common expenses and other encumbrances on the property when they are due. If you do not pay any of these amounts when they are due, we can pay them. We can also pay off any liens, claims, common expenses or encumbrances against your property which we consider to have priority over the Mortgage. If we pay on your behalf any taxes, charges, mortgages, liens or other encumbrances or any common expenses, you will immediately pay us our costs of so doing and until paid, all such costs will form part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You agree to pay a dishonoured payment fee to us each time you do not make a payment to us on a scheduled due date. Our current dishonoured payment fee is $25.00. You will also pay all our costs of collecting any payments not received from you when due. These costs will include all of our legal expenses on a solicitor and own client basis. All of these costs will form a part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements.

(v) **Keeping the property in good condition** – You agree to keep the property in good condition and to make any repairs that are needed. You also agree not to do anything, or let anyone else do anything, that lowers the value of the property. We can inspect the property at any reasonable time, and charge the cost of any inspections to you. These costs shall be payable to us immediately, shall bear interest as provided for in the Agreements and shall form part of the Obligations Secured.

If you don't keep the property in good condition, or if you or anyone else does anything that lowers the value of the property, we can make any repairs which we consider necessary and charge our cost of repairs to you. These amounts shall be payable to us immediately, shall bear interest as provided in the Agreements and shall form part of the Obligations Secured. You will not make any significant alterations, improvements or changes without our prior written consent.

You will not use the property for any business purposes without our consent.

You or any party using your property with your permission, may not use your property for illegal purposes.

(vi) **If you are a tenant of the property** – You promise:

- to pay the rents and other amounts due under the lease as they fall due;
- to comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;
- not to surrender the lease;
- not to make any change in the lease without first obtaining our written consent;
- to give us a true copy of any notice or request you receive concerning the lease; and

- to notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.

We shall have the right to cure any default by you under the lease but are not required to do so. If we cure any default under the lease, you will pay to us all costs we incur. These costs shall be payable to us immediately, shall bear interest as provided in the Agreements and shall form part of the Obligations Secured.

8. Prepayment

Your right to prepay, if any, the principal amount will be set out in the Agreements.

9. Building Mortgages

The word **improvement** includes any construction, installation, alteration, addition, repair or demolition. If any portion of the Obligations Secured is to finance an improvement, you must so inform us in writing immediately and before any advances of such portion of the Obligations Secured. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. If you do not complete the construction, we may do so and our expenses will form a part of the Obligations Secured and will bear interest at the interest rate provided for in the Agreements. You will pay us these expenses immediately. We may make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of the property. We will determine whether or not any advances will be made, when they will be made and in what amount. Whatever the purpose of the Mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the Mortgage to any person claiming a construction lien on the property.

10. Transfer of leases and rents

As additional and separate security for the Obligations Secured, you assign to us all existing and future rents and leases relating to the property. In particular you transfer and assign to us as security:

(i) All leases, lease agreements and their renewals;

(ii) All rents and other money payable under the terms of all such leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the Mortgage; and

(iii) All of your rights under such leases and agreements.

In addition you confirm that:

(i) You must obtain our prior written consent for any future leases of the property or for the renewal of any lease (other than a renewal provided for in any lease);

(ii) Nothing we do under this paragraph shall put us in possession of the property;

(iii) However, if you default under the Mortgage, we have the right to take possession of the property, inspect, collect rents or manage the property; and

(iv) We are not obliged to collect any rent or other income from the property nor to comply with any term of any lease or agreement.

11. Appointing a Receiver to Receive Income

If you default in making any regular loan payment or any other payment which you have agreed to make to us, or in complying with any of your obligations under any Agreement or the Mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from the property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

(i) Use any available remedy (taken in your name or our name) to collect the income from the property;

(ii) Take possession of the property or part of it;

(iii) Manage the property, maintain it in good condition and complete any construction or improvements if applicable; and

(iv) Lease the property on whatever terms considered appropriate.

From the income collected the receiver may:

(i) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.

(ii) Retain enough money to pay disbursements spent on collecting the income.

(iii) Pay all taxes, fire insurance premiums, expenses of keeping the property in good condition or completing any construction or improvements, interest on those payments and all charges that have priority over the Mortgage and interest on those charges.

(iv) Pay us all interest and dishonoured payment fees that are due and payable under the Obligations Secured and then, at our option, pay us all or part of the Obligations Secured, whether due or not yet due.

Nothing done by the receiver puts us in possession of the property or makes us accountable for any money except for money actually received by us.

12. Environmental Provisions

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect the property and the Buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any inspection, testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the Obligations Secured under your Mortgage and these amounts will bear interest at the interest rate provided for in the Agreements. If we do the things permitted under this section, we will not be considered to be in possession or control of the property.

13. Securitization

We may, at our option, sell or deposit all or any part of the Obligations Secured, any Agreement or this Mortgage to one or more third party(ies) without notice to you or your consent. If we do so, you agree that this Mortgage shall continue to secure all Obligations Secured, including all amounts owing under any Obligations Secured or Agreement that has been so sold, or assigned or deposited and all Obligations Secured that arise under any Agreement after such sale, assignment or deposit. This Mortgage and any Obligations Secured or Agreement once sold, assigned or deposited may be repurchased by us, whether or not in default.

14. Immediate Payment

You will immediately, at our option, pay to us all of the Obligations Secured if any part of the Obligations Secured is not paid when it is due, or if you fail to comply with any of your obligations under the Mortgage or under any Agreement.

15. Delay in Enforcement

We can delay enforcing any of our rights under the Mortgage or the Obligations Secured without losing those rights, and we can release others from their obligations under the Mortgage or any of the Obligations Secured without releasing you.

16. Enforcing our Rights

If you do not repay the Obligations Secured after we have demanded payment of them or if you have not corrected any other default under this Mortgage or Agreements we can take immediate possession of your property. Upon giving you notice as required by law, we may sell the property or lease it or pursue any other remedy available to us under Ontario law. You will immediately pay all our expenses of enforcing or protecting our security or any of our rights under the Mortgage or any Agreements. Our expenses include our costs of taking or keeping possession of the property, an allowance for the time and services of our employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting or enforcing our interest under the Mortgage. These expenses will form part of the Obligations Secured and will bear interest as provided for in the Agreements. After we are in a position to sell or lease the property, we can sell it, by public auction or private sale, or lease it at any time, in any way, and on any terms which we think are reasonable whether in cash or part cash and credit. If the amount we receive from the sale or lease of the property is less than what you owe under the Obligations Secured you will have to pay us the difference.

You agree not to make any claims concerning the property against anyone who buys it or leases it from us, or anyone who buys or leases the property after that time. If you do have any claims concerning the property, you agree to make them only against us and only for money damages.

If we obtain a court judgement against you for your failure to comply with any of your obligations to us under any of the Agreements or the Mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the Mortgage. We will continue to be entitled to receive interest on the Obligations Secured in the manner established in the Agreement(s). The rate of interest payable on any judgement shall be calculated and payable in the same way as interest is calculated under the Agreement(s) and at the same rate that interest is payable until the judgement has been paid in full.

17. Sale of Property

We will require you to pay all the money that you owe us under this loan immediately if you sell, transfer or encumber the mortgaged property. This provision does not apply to a sale, transfer or encumbrance to which we have given our prior written consent.

18. Renewing or Otherwise Amending the Mortgage or Agreements

We may from time to time enter into one or more written agreements with you to amend the Agreements or the mortgage, by renewing for further periods of time, changing the interest rate, increasing the balance or otherwise altering the provisions of the agreements or the mortgage. **You will be required to meet all of our credit and other requirements at that time and to pay an additional Mortgage Default Insurance Premium and Mortgage Default Insurance Underwriting Fee. You will also be required to pay our costs for a search of the title records at the appropriate Land Titles or Registry Office.** It will not be necessary to register the agreements on title in order to retain priority of the Mortgage for the full amount of the Obligations Secured. Any reference in this set of standard charge terms to the mortgage mean this mortgage as amended by any such agreement or agreements.

If there are any encumbrances registered against your property in addition to this mortgage, it will be necessary for those encumbrances to be discharged or formally postponed. You will be required to pay all costs to prepare, execute and register such discharges or postponements before we offer to renew or amend the agreements or the mortgage. This is required in order to preserve the priority of this mortgage.

19. Giving Notice

Any written notice under this Mortgage or the Agreements may be given to you and is considered to have been received by all parties when we send it to the property address or, if applicable, to an alternate mailing address that all of you have designated for all parties to receive notices.

Written notice shall be considered to have been received by us when it is received at our address indicated on the mortgage document or any other address as we may notify you in writing.

If there is more than one mortgagor, written notice to any one of you shall be considered to be notice to all of you. Either one of the mortgagors can provide instructions to us that will be binding on the other party.

20. Effect on other agreements, obligations and security

The Mortgage does not change or release you from any of your other obligations under the Agreements with us. Also, the Mortgage does not affect any other security we hold for the repayment of the Obligations Secured, or any other rights we may have to enforce repayment of the Obligations Secured.

21. Condominium Provisions

The Condominium Act, as amended or re-enacted, is called "the Act". Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to the property and provide us with proof of your compliance from time to time as we may request.

You will pay the common expenses for your property to the corporation on the due dates. In addition to our other rights and remedies contained in the Mortgage, you will pay us immediately all our expenses in relation to any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required) or the enforcement of our right to have the corporation or any owner comply with the Act, declaration, by-laws and rules and our exercising any voting rights we may have.

These costs will bear interest in accordance with the Agreements and will form a part of the Obligations Secured.

You irrevocably authorize us to exercise your rights in all matters concerning the Act and the condominium. You also authorize us to exercise your rights to demand the corporation purchase the unit and common interest, where provided under the Act; elect to have the value of the unit and common interest or that of the condominium property determined by arbitration and receive your share of the corporation's assets and the proceeds from the sale of the unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

The above actions will not put us in possession of the property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act.

You authorize us to inspect the corporation's records and remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation. You will forward to us, if we require, any notices, assessments, by-laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

The Obligations Secured will become payable immediately, at our option, if (i) the corporation fails to comply with the Act and the declaration, by-laws and rules of the corporation; (ii) the corporation fails to insure all the condominium units and common elements according to law and according to any additional requirements of ours or do all that is necessary to collect insurance proceeds; (iii) the corporation makes any substantial modification to the common elements or the corporation's assets without our approval; (iv) there has been substantial damage and the owners have voted for termination of the condominium; (v) a sale of the condominium property or any part of the common elements is authorized, or (vi) the property ceases to be governed by the Act.

If the property ceases to be governed by the Act all the terms of the Mortgage continue to apply to the property. You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition. Your share of the corporation's assets and the proceeds from the sale of the unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this and any money received by us (after payment of all our expenses) may be applied to reduce any part of the Obligations Secured. Any balance remaining after all claims have been satisfied will be paid by you.

22. Releasing the Property from the Mortgage

We may establish the terms for releasing our interest in all or part of the property (that is, we may discharge, or partially discharge, the property from the Mortgage) whether we receive value for our release or not. If we release part of the property from the Mortgage at any time, the rest of the property will continue to secure the Obligations Secured.

If the property is subdivided before our interest in the property comes to an end, the Mortgage will be secured by each part into which the property is subdivided. This means that each part will secure repayment of the total amount of the Obligations Secured you owe us, even if we release another part of the property from the Mortgage.

We can release you, any guarantor, or any other person from performing any obligation contained in the Mortgage or any other security document without releasing any part of the property secured by the Mortgage or any other security document. Any such release shall not release any other party from their obligations under the Mortgage or Agreements.

23. Discharge of Mortgage

When our interest in your property comes to an end and you request that we discharge our claim, we will either prepare, execute and register a full discharge of our claim and provide you with confirmation of discharge, or, at our sole option, we will prepare and provide you with an executed but unregistered Discharge of Charge/Mortgage. You will give us a reasonable time in which to prepare, review, execute and register the discharge documents and you will pay our usual administrative fees for preparing, reviewing and executing the discharge document and, where we elect to register the discharge of our claim, our usual administrative fees for registering the discharge document. You will also pay all legal and other expenses that we incur in connection with the discharge of our claim. In the event that we provide you with an unregistered Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage, we will prepare and execute an assignment of the mortgage for you. You will give us a reasonable time in which to prepare, review and execute the assignment and you will pay our usual administrative fees for preparing, reviewing, and executing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the assignment documentation and for all costs relating to such registration.

24. Who is bound by the Mortgage

You agree to observe and be bound by all of the terms and obligations contained in the Mortgage. The Mortgage will also be binding on your heirs, personal representatives and any person to whom the property is transferred, and shall benefit us and our successors and assigns. All persons who sign or who are otherwise bound by the Mortgage as chargors are jointly and severally bound to comply with all obligations under the Mortgage.

25. Guarantee

In this paragraph, **guarantor** means each person who signs the Mortgage as guarantor of the Obligations Secured. **Chargor** means each person who signs or is otherwise bound by the Mortgage as chargor.

In return for us making a loan to the chargor, the guarantor, by signing the Mortgage, unconditionally guarantees to us the chargor's payments of the Obligations Secured (including interest, whether or not the interest rate is changed, and other costs and charges), when due and compliance with the chargor's other obligations, under the Mortgage and Agreements. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the Mortgage or Agreements, the guarantor will pay us upon demand all of the Obligations Secured and comply with all of the obligations under the Mortgage or Agreements which have not been complied with by the chargor. Each guarantor will be jointly and severally responsible with the chargor and with one another (if more than one) for all obligations under the Mortgage and Agreements, including payment of the Obligations Secured.

It is understood that we can without releasing or lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Make new advances of the Obligations Secured;
- Grant any extensions of time for payment and extensions of the term of the Obligations Secured, including any amendments, replacements, additions or renewals of the Agreements covering the Obligations Secured;
- Increase the rate of interest payable under the Agreements, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the Mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the Mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the Mortgage or Agreements or change any of the terms of the Mortgage or Agreements at any time;

either before or after requiring payment from any other person. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the Mortgage). The obligations of the guarantor under this guarantee shall be as principal debtor and not as surety and are not affected by the release of any chargor or any other person (including any guarantor) of its obligations under the Obligations Secured or any compromise or termination of any Obligations Secured, whether in bankruptcy proceedings or otherwise. Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

26. Headings

The headings in the body of the Mortgage form no part of the Mortgage. They are inserted for convenience only. You agree that all of the provisions stated in this set of Standard Charge Terms form a part of the Mortgage.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200532 Cote

27. Statutory covenants excluded

The covenants set out in Section 7(1) and the provisions relating to defeasance set out in Section 6(2) of the Land Registration Reform Act are excluded from the Mortgage

Dated this 31 day of October, 2005

Andrew Siu
Vice President
Montreal Trust Company of Canada
I have the authority to bind the corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200532 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200533 Cote
Filing Date NOV. 4th 2005 Date de Dépôt
Page 1 of/de 16 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

DUNDEE
WEALTH BANK

Land Registration Reform Act (Ontario)

Set of Standard Charge Terms
filed on November , 2005 as Standard Charge Terms No.

Filed By: Dundee Wealth Bank

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Land Registration Reform Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in a schedule to the Mortgage.

A Table of Contents is at the end of this document.

1. DEFINITIONS

(a) **Defined Terms** - In the Mortgage, including this set of standard charge terms, unless the context otherwise requires, the following capitalized terms have the meaning given to them below:

Term	Meaning
"Amount Secured"	The total of (i) the Principal Amount, (ii) interest on the Principal Amount at the Interest Rate, (iii) interest on unpaid interest and unpaid Expenses at the Interest Rate, and (iv) Expenses.
"Balance Due Date"	The date set out after or under the heading "Balance Due Date" in the Charge Form.
"Bank"	Dundee Wealth Bank.
"Borrower", "you" and "your"	Each person who signs the Mortgage as chargor(s).
"Calculation Period"	The period set out after or under the heading "Calculation Period" in the Charge Form.
"Charge Form"	The charge/mortgage of land (Form 2) from the Borrower and that refers to these Standard Charge Terms.
"CMHC"	Canada Mortgage and Housing Corporation.
"Default"	Any of the events or circumstances listed in Section 15.
"Expenses"	All amounts (other than the Principal Amount and interest) that you must pay under the Mortgage, together with interest on them at the Interest Rate.
"First Payment Date"	The date set out after or under the heading "First Payment Date" in the Charge Form.
"GENWORTH"	Genworth Financial Inc.
"include" and "including"	Include, or including, without limitation.
"Interest Adjustment Date"	The date set out after or under the heading "Interest Adjustment Date" in the Charge Form.
"Interest Rate"	The rate set out after or under the heading "Interest Rate" in the Charge Form.
"Last Payment Date"	The date set out after or under the heading "Last Payment Date" in the Charge Form.
"Lease Rights"	As they relate to your Property, all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights under them.
"Lender", "we", "our" and "us"	Dundee Wealth Bank.
"Loan Amount"	The outstanding balance of all amounts (including the Principal Amount, interest and Expenses) owing to us from time to time under the Mortgage, as amended from time to time.
"Mortgage"	The Charge Form together with any Schedules attached to it (and including these Standard Charge Terms themselves) and any renewals of it, and as these may be amended from time to time.
"Payment Date"	The date and period set out after or under the heading "Payment Date" or "Payment Date and Period" in the Charge Form, as the case may be.
"Payment or "Amount of Each Payment"	The amount set out after or under the heading "Amount of Each Payment" in the Charge Form.
"Prime Rate"	The variable rate of interest per annum quoted by the Bank from time to time as its reference rate for its Canadian Dollar loans made in Canada and which the Bank refers to as its "Prime Rate", as such rate may be changed by it from time to time.

"Principal Amount"	The amount set out after or under the heading "Principal Amount" in the Charge Form.
"Property"	The land described in the Charge Form under the heading "Description", all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including any additions, alterations, substitutions and improvements.
"Section"	Refers to a numbered section in this set of standard charge terms.
"taxes"	All taxes, rates and assessments of any nature or kind relating to your Property, including property taxes, local improvement rates, interest and penalties.

2. CHARGE OF PROPERTY

For good and valuable consideration (which, by signing and delivering the Mortgage, you acknowledge having received from us):

(a) if you are the owner of your Property, you charge to us your entire interest (both present and future) in your Property; or

(b) if you are a tenant of your Property under a lease, you charge and sublease to us your entire interest (both present and future, including any option or right of first refusal to purchase) in your Property, for the term (except the last day) of your lease, including any renewals,

to secure repayment of the Loan Amount (together with interest at the Interest Rate) and performance of your obligations under the Mortgage. Our interest in your Property ends when you have repaid the Loan Amount in full as provided in the Mortgage and you have complied with all of your other obligations under the Mortgage.

3. INTEREST

(1) **Interest Adjustment Period** - Despite anything to the contrary in the Mortgage (except for Section 3(10), you will make an interest-only payment on advances of principal secured by the Mortgage from the time of advance up to the Interest Adjustment Date, calculated daily at the Interest Rate and, at our option: (a) calculated as simple interest or in advance (or both); and, (b) paid by you or deducted by us: (i) from any advance or advances that we make; (ii) on the Interest Adjustment Date; or, (iii) on the First Payment Date.

(2) **Interest on Overdue Amounts and Compound Interest** – If you do not make the regular Payment or any other payment required by the Mortgage when it is due, we will charge you interest from the due date on any overdue portion of the Loan Amount (including interest and compound interest) at the Interest Rate provided for in the Mortgage, both before and after the Balance Due Date, as well as before and after default and judgment. Interest calculated on overdue interest is called "compound interest". Such compound interest will be added to the Loan Amount and is payable by you on the Payment Dates. We will also charge interest, at the Interest Rate, on compound interest that is overdue until paid to us, both before and after the Balance Due Date, as well as before and after default and judgment.

(3) **Periods** - Where the Mortgage refers to interest from a date, that means interest from and including the date. Where the Mortgage refers to interest to a date, that means interest to but excluding the date.

Section 3(4) only applies to Fixed Rate Mortgages:

(4) **Fixed Rate Mortgage** – The interest rate payable by you on the Loan Amount is the Interest Rate set out in the Mortgage, which is a fixed rate of interest for the Term. Interest is calculated semi-annually, not in advance. Interest is payable at the frequency set out under the Payment Date in the Mortgage, and calculated using an interest rate equivalent to the semi-annual Interest Rate to reflect the frequency of payment set out in the Mortgage. Interest is payable on the Loan Amount at this rate, both before and after the Balance Due Date, as well as before and after default and judgment, until the Loan Amount has been paid in full.

Sections 3(5) – (10) only apply to Variable Rate Mortgages:

(4) **Variable Rate** – The interest rate payable by you on the Loan Amount is the Interest Rate, which is a variable rate of interest. Interest is payable at the frequency set out under the Payment Date in the Mortgage and is calculated at the same frequency as the payment of interest, not in advance. Where the Interest Rate is equal to the Prime Rate plus or minus the number of percentage points per annum, if any, indicated in the Mortgage, the Interest Rate will vary automatically each time there is a change in the Prime Rate, without any notice to you. Interest is payable on the Loan Amount at this rate, both before and after the Balance Due Date, as well as before and after default and judgment, until the Loan Amount has been paid in full.

(5) **Changes in Interest Rate** – The Prime Rate in effect at any time is available at www.dundeewealthbank.com or by contacting us. We may mail to you, at your last known address according to our records, a notice of the changed Prime Rate, its effective date, and the new current Interest Rate, within a reasonable time after a change in the Prime Rate, The Interest Rate will still vary as set out above even if we fail to send you such a notice or you fail to receive it. In the event that it may be necessary to prove the Prime Rate applicable at any time, it is agreed that our certificate in writing setting out the rate shall be deemed to be conclusive evidence as to the rate at such time.

(6) **Calculations and Equivalent Rates** – Section 33 shows how to calculate how much of each regular payment is interest and how much, if any, is principal. Section 34 shows equivalent interest rates calculated semi-annually not in advance for mortgage rates calculated monthly not in advance.

(7) **Deferred Interest** – If the interest that has accrued on the Loan Amount from one Payment Date (or, in the case of the first payment, from the Interest Adjustment Date) to the next Payment Date exceeds the Payment, the excess (called "**Deferred Interest**") will bear interest at the Interest Rate. On the next Payment Date, the interest on the Deferred Interest will be added to the Principal Amount and become part of it. If the Deferred Interest is not paid on that Payment Date, it will bear interest at the interest rate payable on the Loan Amount and that interest will be added to the Deferred Interest on the next Payment Date, and so on. You may pay Deferred Interest by separate payment as your regular payment may not be applied to such interest. You may ascertain the amount of Deferred Interest outstanding from time to time by contacting us.

(8) **Increased Payments** – If, as a result of Deferred Interest being added to the Loan Amount, the Loan amount exceeds the Maximum Amount, or if, as a result of increases in the Interest Rate, the regular Payment under the Mortgage is not sufficient to repay the Mortgage over the amortization period, the amount of each regular Payment under the Mortgage will be increased by us on notice to you. If you do not pay the increased payments, then, at our option, the Mortgage will immediately become due and payable.

(9) **Maximum Amount** – The "**Maximum Amount** " for a Variable Rate Mortgage means the lesser of:

(a) the original Principal Amount; and,

(b) if you have a conventional mortgage (i.e., a mortgage not insured by CMHC or GENWORTH), 75% of the lesser of: (a) the fair market value of your Property as established by an up-to-date appraisal report of your Property that either (i) we may obtain at your expense from a real estate appraiser acceptable to us (who may be an employee of ours) or (ii) you provide to us signed by a real estate appraiser first approved in writing by us; or (b) the purchase price of your property; or

(c) if you have CMHC or GENWORTH insured mortgage, the lesser of:

  (A) 95% of the Maximum Amount of the lesser of: (i) the appraised value (determined as set out above in (b)); or (ii) purchase price of your property, plus the CMHC or GENWORTH insurance premium; or,

  (B) 110% of the original balance of the Mortgage including the CMHC or GENWORTH insurance premium.

(10) **Interest for Building Mortgage** – If this is a building mortgage, accrued interest at the Interest Rate on progress advances is calculated daily and payable monthly up to the Interest Adjustment Date established for the initial term of the Mortgage and may be retained without adjustment out of the proceeds of each subsequent advance of the Mortgage. Where more than 30 days elapses between advances, intererest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the Interest Adjustment Date established for the initial term of the Mortgage may be deducted from the last substantial advance.

4. REPAYMENT OF LOAN AMOUNT

(1) **Regular Payments** - You will make regular payments of principal and interest to us on each Payment Date, each in the amount specified for the Payments, starting with the First Payment Date until and including the Last Payment Date. You will pay the outstanding balance of the Loan Amount on the Balance Due Date.

(2) **Payment Provisions on Default** - If you fail to make any Payment or do not meet any of your other obligations under the Mortgage, you must immediately pay to us all outstanding arrears. We may also use the rights we already have under Section 15.

(3) **How We Apply Your Payments** - Each of your regular payments will be used in the following order: a) to pay Expenses including any applicable collection, administration and processing fees, if any; b) to pay life insurance premiums in respect of the Mortgage, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the Mortgage, including tax accounts (the "**escrow accounts**"); d) to pay interest or reduce the interest (including Deferred Interest) and any outstanding or late interest charges on the Principal Amount accumulated to but not including the Payment Date; and e) to reduce the Principal Amount. However, if you do not meet any of your obligations under the Mortgage, we may

apply your payment or any other money we receive towards any part of the outstanding Loan Amount we choose. You may pay arrears of interest by separate payment. The amount of interest in arrears may be obtained by contacting us.

5. EXPENSES

You will immediately pay to us all Expenses, whether payable by you or that may be paid by us, including interest thereon at the Interest Rate. Until paid, such amount (including interest at the Interest Rate) will be added to and form part of the Loan Amount secured by the Mortgage.

6. DISCHARGE

After you have paid us the Loan Amount in full (and if we are under no obligation to make any further advances), we will sign a discharge or, if requested by you, an assignment (without recourse) of the Mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by our lawyer or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee.

If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

7. ADMINISTRATION

In addition to the administration and processing fees set out in other sections of the Mortgage, you also agree immediately to pay us, our then current administration and processing fees in connection with preparing any assumption statement, amending or other agreement, statements for information purposes, replacement of cheques where payment has been refused because of insufficient funds or for any other reason in respect of the administration of your Mortgage and to add such fees, if unpaid, to the Loan Amount.

You also agree to immediately pay us our fees for providing any services of an administrative or clerical nature requested by you, including, but not limited to, providing copies of documents from your file, providing duplicate documents, providing an amortization schedule, offsite retrieval of your file or information or documents requested by you, providing a detailed breakdown of your payment history or tax account, audit verification, courier charges, and our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

Such amounts shall be immediately payable by you to us and if you do not pay them, we may add such amounts to the Loan Amount.

The amount of any such fees is subject to change at any time or times without notice to you. The amount of such fees in effect at any particular time is available by visiting www.dundeewealthbank.com, or by contacting us.

8. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the Principal Amount, then we do not have to do so. This applies even if the Mortgage has been signed and registered and whether or not any part of the Principal Amount has previously been advanced. Even so, by signing the Mortgage you have charged all of your interest in your Property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and including expenses, for investigating title to your Property and for preparing and registering the Mortgage. Until paid, such amount (including interest at the Interest Rate) will be added to and form part of the Loan Amount secured by the Mortgage.

9. CERTAIN PROMISES YOU MAKE TO US

(1) **For Owners and Tenants** - You certify and agree with us that:

(a) you will pay the Loan Amount and all taxes including property taxes assessed against your Property to us or the tax office as applicable, and will comply with all other obligations under the Mortgage;

(b) unless you are the tenant of your Property, you are the lawful owner of your Property and there are no encumbrances affecting title to your Property except those that you have disclosed to us in writing;

(c) you have the right to sign the Mortgage and charge your Property;

(d) there are no limitations affecting your interest in and your title to your Property except for any restrictions registered against the title to your Property and except for building and zoning by-laws, with all of which you have complied;

(e) to the best of your knowledge and belief, after reasonable enquiry and investigation:

(i) no part of your Property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and only then if you have given us prior notice of such intended use and we have approved such intended use in writing;

(ii) no part of your Property contains, has ever contained or will in the future contain any hazardous substance which may lower the value of or adversely affect the marketability of your Property; and

(iii) no part of your Property is, or will in the future be, used for any illegal or criminal purpose or activity, including without limitation a brothel, a gaming house, or the cultivation or processing of marijuana or other illegal substances.

We may (but are not obligated to) require you, at your expense, from time to time to obtain an environmental audit of all or any part of your Property, which environmental audit shall be satisfactory to us. However, this audit does not relieve you from your obligations under this Section;

Should your Property be found to contain any hazardous or illegal substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous or illegal substances from your Property and repair the damage to your Property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous or illegal substances on your Property and any breach of your obligations under this paragraph.

(f) you will, at your expense, sign any other document or take any further action that we, in our opinion, think necessary to ensure that all your interest (both present and future) in your Property has been fully charged to us and that the Loan Amount is adequately secured; and

(g) you will take any action necessary to protect your title to your Property, and will not in any way interfere with our interest in your Property.

(2) **For Tenants** - If you are a tenant of your Property, you also certify and agree with us that:

(a) your Property is leased to you under a valid lease (a copy of which you have given us) and you have good leasehold title to your Property;

(b) all rents and other money payable under the lease have been paid and all of your obligations under the lease have been complied with, in both cases up to the date you sign the Mortgage;

(c) you have the consent of your landlord, or you have the right without his consent, to charge your interest in the lease to us;

(d) there are no limitations on your interest in the lease except for any set out in the lease, restrictions registered against the Property, and any building and zoning by-laws, which in each case, you and your landlord have complied with;

(e) you will pay the rent and other amounts as required by the lease and comply with all your other obligations set out in the lease;

(f) you will not surrender the lease or cause it to be terminated;

(g) you will not make any change in the lease without first obtaining our written consent;

(h) you will promptly give us a copy of any notice, demand or request that you may receive relating to the lease;

(i) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your Property and in the lease has been fully charged to us and that the Loan Amount is adequately secured;

(j) you will indemnify us against all actions, claims, costs and demands if you default under your lease;

(k) you will hold your Property for the last day of the term of your lease (or of any renewal term) in trust for us and will only deal with it in such manner as we shall require;

(l) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the Mortgage, particularly those referred to in Section 20(1)(d), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the Property and for that person's legal and personal representatives and successors;

(m) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term (and of any renewal) and transfer your interest in the Property as we may require to perfect any sale we may make under Section 20 and, in particular, under Section 20(1)(d); and

(n) we may remove you or any other person as trustee of the trust referred to in Section 9(2)(l) and appoint a new trustee or trustees.

10. DEMOLITION AND ALTERATIONS

(1) **Approval Required** - You agree not to demolish any building or structure or part of any building or structure on your Property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your Property without first obtaining our written approval to your proposed plans and specifications.

(2) **Work** - Any work approved by us in Section 10 (1) must be completed as quickly as possible, at your expense and in accordance with all applicable governmental requirements and building standards. You will provide us, on our request, with proof of payment and compliance with governmental requirements and building standards. You must retain all required construction lien holdbacks. We may obtain an order vacating any construction lien and, if we consider it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the Loan Amount.

11. REPAIRS

(1) **Repair** - You must keep your Property in a good condition and state of repair, and carry out all necessary repairs and must not do, or let anyone else do, anything that lowers the value of your Property. You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your Property.

(2) **Disrepair** - If, in our opinion, you do not keep your Property in a good condition and state of repair, or do, or allow anything to be done, that lowers its value, or do not comply with any of your obligations under this Section 11, then we may make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the Loan Amount. You authorize us to enter your Property at all reasonable times to inspect and repair, but we will not become a Mortgagee in possession by exercising these rights.

12. INSURANCE (Section 12 does not apply if your Property is a single residential condominium unit)

(1) **Insured Risks** - You must insure and keep your Property insured for not less than its full replacement value in Canadian dollars until the Mortgage has been discharged. The risks that you must insure against include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner or sprinkler system or any other comparable apparatus is operated on your Property , then you must also insure it against loss or damage by explosion or otherwise by any such equipment.

(2) **Policies** - All insurance policies must be carried with a company satisfactory to us and contain Mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You will, on our request, give us certified copies of every insurance policy and, at least 15 days before any policy expires, evidence of its renewal.

(3) **Premiums** - We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or money that we pay for insurance will be immediately payable by you to us or added to the Loan Amount if not so paid.

(4) **Proceeds** - If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds, which you now direct the insurance company to pay to us. We may direct, in our discretion, that the insurance proceeds be applied to any one or more of the following uses (in whole or in part): (a) to repair or rebuild your Property; (b) to reduce any part of the Loan Amount, whether due or not, and including an amount to compensate us for loss of interest; or, (c) to be paid to you.

13. TAXES

You will pay all taxes when due. If you do not, we may (but do not have to) pay any or all of such taxes. The amount we pay will be added to the Loan Amount.

14. LEASES AND RENTS

(1) **Approval Required** - If your Property is intended to be used as owner-occupied residential premises you certify and agree that no part of your Property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your Property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to provide at our option.

(2) **Assignment** - You assign to us all Lease Rights. You must obtain our prior written approval for any future leases of your Property or for the renewal of any lease (other than a renewal provided for in any lease).

(3) **Future Leases** - If you lease in the future any part of your Property to another person then, upon our request, you will assign to us, in registrable form acceptable to us, all Lease Rights; and give us security on chattels, fixtures and equipment as we may reasonably require. You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(4) **Attorney** - You irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(5) **Not in Possession** - Nothing we do under this Section 14 will put us in possession of your Property. We are not obliged to collect any rent or income from your Property nor to comply with any term of any lease or agreement.

(6) **Unapproved Leasing** - If you lease any part of your Property without our written approval, this will be considered to have been done to discourage us from taking possession of your Property on default or adversely affecting the value of our interest in your Property for the purposes of section 52(1) of the Mortgages Act (as amended or replaced).

15. DEFAULT

A Default occurs, and the Loan Amount will, at our option, become immediately due and payable if:

(a) you do not make any payment required by the Mortgage (whether or not it is added to the Loan Amount by us);

(b) you do not comply with any of your other obligations under the Mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the Mortgage (including those contained in Section 9) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your Property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your Property remain unfinished without work being done on it for 10 consecutive days;

(f) your Property is abandoned; or,

(g) you make an assignment in favour of your creditors, or proceedings are brought to declare you bankrupt, or you declare bankruptcy or you make a proposal in bankruptcy.

We have the right to forgive any particular Default by you but if we do so we are not forgiving any other existing or future Default.

16. BUILDING MORTGAGE

(1) **Plans Etc.** - If the Mortgage is used to finance an improvement (meaning any construction or installation on your Property or any alteration, addition or repair to any building or structure on your Property), you agree to make the improvement only in accordance with plans and specifications that we have approved and to complete the improvement as quickly as reasonably possible in accordance with all governmental requirements and building standards that apply to your Property, at your expense, and you will provide us with proof of such compliance when requested.

(2) **Progress Payments** - Subject to Section 8, we may make advances to you under the Mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. You agree to pay us our then current administration and processing fee for any progress draws. Such amounts shall be immediately payable by you to us and if you do not pay them, we may add such amounts to the Loan Amount.

(3) **Holdbacks** - Whatever the purpose of the Mortgage, we may retain funds from any advance or advances until we are satisfied that the holdback provisions of the Construction Lien Act (as amended or replaced) have been complied with. You authorize us to give information about the Mortgage to anyone who claims a construction lien on your Property. You will also provide us with proof of payment of all amounts owing in connection with the above work.

We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees, shall be immediately payable by you to us and if you do not pay them, we may add such amounts to the Loan Amount.

17. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the Mortgage in all or part of your Property, whether or not we receive any value, and be accountable to you only for money that we actually receive. If we release our interest under the Mortgage in only a part of your Property, the rest of your Property will continue to secure the Loan Amount, and your obligations (and those of any guarantor) under the Mortgage will continue unchanged. If your Property is subdivided, each part of your Property will secure payment of the Loan Amount.

18. RENEWING OR AMENDING THE MORTGAGE

At our option, the Mortgage may, from time to time, be renewed, extended or amended by written agreement(s) with you, with or without any increase in the Interest Rate. It will not be necessary for us to register the written agreement on title to your Property in order to retain priority for the Mortgage, as renewed or amended, over any other document registered after the Mortgage whether or not there are any other documents registered on title to your Property after the Mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any Borrower or with any other person liable to pay the Loan Amount will not release or affect the liability of anyone who does not sign such written agreement.

19. CERTAIN ACTIONS WE MAY TAKE

(1) **Prior Mortgages** - We may, if we think it is necessary, pay off any encumbrances, claims or liens that rank in priority over (or equally to) the Mortgage. Also, we may pay all expenses that we incur in collecting any payment under the Mortgage that you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses, and until reimbursed they may be added to and form part of the Loan Amount.

(2) **Leases** - If you are a tenant under a lease or other tenancy agreement for your Property, we may cure any default under it. You must immediately reimburse us for all payments and expenses that we incur in doing so.

(3) **Self-Help** - If you do not comply with any of your obligations under the Mortgage, we may, but do not have to, perform those obligations. If you are a tenant of your Property and you do not renew your lease when it gives you that right, we may do so and every renewal shall be subject to the Mortgage. You must immediately reimburse us for all payments and expenses that we have to make, and costs that we incur in taking these steps, and until reimbursed, they will be added to and form part of the Loan Amount.

20. ENFORCING OUR RIGHTS

(1) **Remedies** - If you do not make any payment when required under the Mortgage or do not comply with any of your other obligations under the Mortgage, we may enforce any one or more of the remedies listed below in any order (in addition to any other lawful remedies we may have):

(a) **Collect** - We may take such legal action as is necessary to obtain payment of the Loan Amount.

(b) **Enter** - We may enter on your Property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the Loan Amount.

(c) **Lease** – We may enter on and lease out your Property (or any part of it). We may apply the net proceeds of any lease to reduce any part of the Loan Amount. If the net proceeds do not pay the Loan Amount in full, you must pay us the difference.

(d) **Power of Sale** - If your default continues for 15 days we may, on at least 35 days' written notice to you as required by Part III of the Mortgages Act (as amended or replaced), enter on and sell your Property (or any part of it). Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as may be obtained. We may apply the net proceeds of any sale to reduce any part of the Loan Amount. If the net proceeds do not pay the Loan Amount in full, you must pay us the difference.

(e) **Receiver** - We may appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your Property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any money received by the receiver except to the extent that we actually receive any such money. The receiver may use every available remedy that we have under the Mortgage to collect the income from your Property, take possession of the whole or part of your Property, manage your Property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your Property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to (or equally with) the Mortgage in good standing; pay interest owing under the Mortgage; and, pay all or any part of the Loan Amount whether it is due or not.

(f) **Foreclosure or Sale** - We may take court proceedings to foreclose and take your interest in your Property. If we obtain a final order of foreclosure from the court, your Property will belong to us. We may also ask the court to order the sale of your Property under its supervision. If the amount we receive from the sale of your Property is less than the Loan Amount, you must pay us the difference.

(g) **Cure Any Defaults** - We may cure any defaults under the Mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(2) **Non-Interference** - If, in enforcing our remedies, we take possession of your Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person that your Property may be leased or sold to, and you will not make any claim against any person your Property may be leased or sold to.

(3) **Expenses** – You must immediately pay all of the costs and expenses that we incur in enforcing any of our remedies, and until paid they will be added to the Loan Amount. These expenses include our legal fees on a solicitor and client basis, all costs that we have to pay to protect and preserve our interests (including the Property and the Mortgage) and to enforce any of our remedies under the Mortgage, as well as a reasonable allowance for the time and services of our employees.

(4) **Delaying Enforcement** - Our rights will not be affected if we delay in enforcing any of our rights under the Mortgage or give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations and require payment of the Loan Amount if you are in default. If you do not pay the Loan Amount when due, we are not obliged to accept subsequent payment of it unless you also pay to us the interest due on it to the date of the subsequent payment.

(5) **Judgments** - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the Mortgage, including our right to receive interest as required by the Mortgage.

21. CONDOMINIUM

(If your Property is a condominium unit, you must also comply with Section 21 in addition to all other provisions of the Mortgage except Section 12.)

In this Section: the "**Act**" means the Condominium Act (as amended or replaced); and, "**condominium corporation**" means the corporation created by the registration of a declaration under the Act.

(1) **Compliance with the Act, etc.** - You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(2) **Payment of Amounts and Common Expenses** - You will pay all amounts required by the Act, and by the declaration and by-laws of the condominium corporation, on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments that you are obligated to pay, we may (but are not obligated to) , do so on your behalf. You will immediately reimburse us for all payments that we have to make, and costs that we incur in taking these steps, and until reimbursed, they will be added to and form part of the Loan Amount.

(3) **Notices and Demands** – On our request, you will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days after you receive them.

(4) **Voting Rights**

(a) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the Property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation.

(b) We may wish to use our rights to vote or consent and if we do, we will notify you and the condominium corporation, in which case you may not vote or consent. Our wish to vote or consent may be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests or for the way we vote or consent or fail to do so.

(5) **Default** - At our option, the Loan Amount will become payable immediately if:

(a) government of the property of the condominium corporation under the Act is terminated;

(b) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(c) the condominium corporation fails to comply with the Act, declaration, by-laws or rules and regulations;

(d) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(e) the condominium corporation fails, in our opinion, to carefully and properly manage the condominium property and assets or to maintain its assets in good repair; or

(f) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(6) **Insurance** – The condominium corporation must obtain the insurance that is required of it under the Act, and you will ensure that it does so. In addition, you must insure all improvements to your Property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You or the condominium corporation or both must assign and transfer the policy or policies of insurance and proceeds thereof to us. You will provide us evidence of renewal at least 15 days before any insurance is terminated. If the insurance required by the Mortgage is not obtained or maintained, we may (but do not have to) insure the buildings or improvements, and you will pay to us the cost we incur in doing so. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the Loan Amount whether or not yet due. The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

22. DUE ON SALE OR MORTGAGE; NO RELEASE

In this Section:

"**Charge**" means to give, permit or suffer a charge, mortgage, charge security interest, lien or other encumbrance with respect to your Property.

"**Transfer**" means: (a) to transfer, sell or otherwise dispose of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise) any registered or beneficial interest in your Property (or any part of it); or, (b) to change the effective voting control of any person or entity comprising the Borrower (or any beneficial or unregistered owner of any part of the Property) from what it was when the first advance of the Loan Amount was made (including any change of ownership of 50% or more of the voting securities representing an interest in any such person or entity).

"**Transferee**" is a person or other entity to whom a Transfer or Charge is made.

(1) **Transfer or Charge** - If you Transfer or Charge your Property (or agree to do so) without first obtaining our written approval, the Loan Amount will, at our option, immediately become payable in full. If we accept any payment(s) from any Transferee whom we have not first approved of in writing, this will not mean that we have given our prior written approval or that we have given up our right to require you to pay the Loan Amount in full.

(2) **Approval** - You will give us sufficient information to enable us to decide whether we should give our written approval to a Transfer or Charge. We will not withhold our approval unreasonably. Should you exercise this privilege, there may be an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may add such amounts to the Loan Amount.

(3) **No Release** – Despite a Transfer or Charge of your Property with our approval, you (and any guarantors) will remain liable under the Mortgage (and their guarantees) unless we, in writing, expressly release you (and any guarantors).

23. ASSUMPTION

If you are not the original Borrower, you agree to be bound by all obligations of the original Borrower under the Mortgage as if you had signed the mortgage.

24. INSPECTION

If we, CMHC or GENWORTH (if this is a CMHC or GENWORTH insured mortgage), or our respective agents have reason to believe that your Property does not comply with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GENWORTH or our respective agents may, at any time, before or after default, enter and inspect your Property and conduct any environmental testing, site assessment, investigation or study that we, CMHC or GENWORTH consider necessary. The reasonable cost of this testing, assessment, investigation or study will be immediately payable by you to us and, until paid, will be added to the Loan Amount secured by the Mortgage. We, CMHC or GENWORTH and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

Should your Property be found to contain any hazardous substances howsoever caused or from any source, you will, at your sole expense, immediately carry out all work required to remove the hazardous substances from your Property and repair the damage to your Property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous substances on your Property and any breach of your obligations under this paragraph. We, CMHC or GENWORTH and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

25. EXPROPRIATION

If your entire Property is expropriated, the Loan Amount will immediately become due and payable together with loss of interest including any prepayment penalty amounts payable to us under the Mortgage, if applicable.

If only a part of your Property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the Loan Amount. If, in our opinion, the remainder of your Property does not constitute adequate security for the Loan Amount, then the Loan Amount, or such part of the Loan Amount as we determine, will immediately become due and payable together with loss of interest including any prepayment penalty amounts payable to us under the Mortgage, if applicable.

26. GUARANTEE

(1) **Guarantee** - In return for our having made a loan to the Borrower (which in the Mortgage includes the Borrower's heirs, executors, successors and assigns), each person who signs the Mortgage as guarantor, as principal debtor and not as surety, agrees with us to pay to us the Loan Amount as and when required by the Mortgage and to observe and perform all other obligations of the Borrower under the Mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the Borrower and with each other for complying with all obligations under the Mortgage.

(2) **Extensions Etc.** - We may (at any time and from time to time, without the consent of or notice to any guarantor): give any extension of time for payment (including renewals); give any other extension; deal with any additional security; give releases or discharges; vary, increase or decrease the interest rate; amend the terms of the Mortgage; and, generally deal with all matters affecting the Mortgage and the obligations of the Borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain payment from the Borrower. All obligations of any guarantor shall also be those of the guarantor's heirs, executors, successors or personal representatives, and will not be altered by the bankruptcy of the Borrower or any guarantor.

27. RESERVATION OF RIGHTS

Any material change in the conditions of the Mortgage, such as an extension of time for payment, renewal, or change in the Interest Rate, will not lessen the obligations of any person (including any guarantor) who does not join in such amending agreement.

28. FAMILY LAW ACT

You certify to us that all information that you have given to us in connection with this mortgage loan about your marital status and about your Property being or not being a matrimonial home, and the family law statement made in the Charge Form, was and is completely true.

29. WHO IS BOUND

The Mortgage is binding on you, us and our respective heirs, administrators, executors, successors and assigns, and anyone to whom the Property is transferred. The Mortgage is for the benefit of us and our assigns and successors. If more than one person signs the Mortgage as Borrower, then all persons who sign are jointly and individually liable to comply with all obligations of the Borrower under the Mortgage. If any borrower or guarantor is a female or a corporation, then the Mortgage will be read with all necessary grammatical changes.

30. PARTICIPATIONS

(1) **Participations** - We may, at any time, sell, transfer, finance, securitize, insure or assign our interest as lender in the Mortgage and the Loan Amount and any servicing rights with respect to them, or any interest in them, or grant participations in them (collectively, "**Participations**") or issue mortgage passthrough certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (collectively, "**Securities**"). In connection with the contemplated or actual Participations or Securities, personal information relating to the obligations, your Property or to you or any guarantor may be used by us and disclosed to any prospective or actual purchaser, transferee, financer, securitizer, insurer, assignee, servicer, participant or investor (collectively, "**Investor**"), or any rating agency rating such Securities ("**Rating Agency**"), or any organization maintaining databases on the underwriting and performance of commercial mortgage loans ("**Database Organization**"), for the purposes of evaluating and/or performing the proposed transaction. You consent to these purposes which include:

- permitting those parties to determine whether to proceed or continue with the transaction;
- fulfilling reporting, inspection or audit requirements or obligations to those parties; and,
- permitting the use and disclosure of your personal information by those parties (for example, assignees) for substantially the same purposes as we are permitted to use and disclose your personal information.

(2) **Co-Operation** - You and any guarantor consent to co-operating with us in connection with any Participations or Securities, including by: delivering a status statement and such other documents as we may reasonably request for the identified purposes; furnishing, and permitting us to furnish to Investors, Rating Agencies and Database Organizations any personal information required to fulfil the identified purposes.

31. U.S.A. RESIDENT

You must advise us whether you are a resident of the United States of America ("U.S.A.") at the time of application for a mortgage, or if you become a U.S.A. resident at any time during the term of the Mortgage. If you are a resident of the U.S.A for tax purposes, or if during the term of the Mortgage you become a resident of the U.S.A. for tax purposes, a tax may be imposed by the U.S.A. taxing authorities in connection with your payment of interest to us as well as on related prepayment charges. In such case, in order to offset any such tax liability, we reserve the right to apply a factor to the Interest Rate on your Mortgage as follows. The Interest Rate on your Mortgage, as determined based on our normal lending criteria and rates, will be multiplied by a factor of 1.1111 (the "U.S.A. Factor") in order to obtain the modified interest rate to be used for the calculation of payments under the Mortgage (the "Modified Interest Rate"). Your Payments under the Mortgage will be calculated and collected by us based on the Modified Interest Rate which will allow us to collect additional funds from you to offset our obligations to remit any such tax to the U.S.A. tax authorities. The U.S.A. Factor, however, is subject to change at anytime during the term of your Mortgage if the Government of the U.S.A., or any authorized taxing authority therein, makes a change to the amount of tax to be paid.

Examples:

If you are a resident of the U.S.A. at the time that the Mortgage is initially entered into and the normal lending rate is 6.250% per annum, your Interest Rate will be 6.944% per annum (i.e., 6.250% x 1.1111); or

If you become a resident of the U.S.A. during the term of the Mortgage and the existing Interest Rate under your Mortgage at the time you become a resident of the U.S.A. is 6.250% per annum, your new Interest Rate will be 6.944% per annum (i.e., 6.250% x 1.1111).

32. MISCELLANEOUS

(3) **Severability** - If any provision of the Mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

(4) **Headings Etc.** - Headings and the table of contents in the Mortgage do not form part of the Mortgage but are used only for easy reference. Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

(5) **CMHC** - All CMHC insured Mortgages are made in pursuance of the National Housing Act (Canada), as amended from time to time.

(6) **Implied Covenants** - The covenants set out in section 7(1) of the Land Registration Reform Act (as amended or replaced) are excluded from the Mortgage.

(7) **Warranties (Tarion)** - If the Ontario New Home Warranties Plan Act (as amended or replaced) applies to your Property, you agree to comply with its requirements and to reimburse us for any costs that we incur in complying or enforcing your rights on your behalf if you fail to do so.

(6) **Doctrine of Consolidation** - The doctrine of consolidation will apply to the Mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

33. SAMPLE CALCULATION

(8) **Formula** - Use this formula to calculate the interest on any amount for any period:

$$\text{Principal} \times \frac{\text{Interest rate}}{100} \times \frac{\text{Number of days in the period}}{365 \text{ (or 366 in a leap year)}}$$

The amount on which you are calculating interest is called the principal and the interest rate is interest at the Interest Rate under Section 3(4) for a Fixed Rate Mortgage or Section 3(5) for a Variable Rate Mortgage.

(9) **Example** - Assume that: you wish to calculate the interest on $500,000 from May 1 to June 1 of the same year; the interest rate was 8% on May 1; and the year is not a leap year.

In calculating the period from May 1 to June 1 of the same year, include the first date but exclude the second date, so that the number of days is 31.

The formula for calculating the interest on the principal from May 1 to June 1 is:

$$\$500{,}000 \times \frac{8}{100} \times \frac{31}{365} = \$3{,}397.26$$

Assume that the $500,000 in this example is the Principal Amount outstanding on May 1 and that nothing else is owing on that day. Assume that there is a monthly loan payment of $5,0. The payment on June 1 is applied as follows:

Payment Amount	$5,000.00
To pay interest from May 1 to June 1	-3,397.26
To reduce the Principal Amount	$1,602.74

On June 1, the $500,000 Principal Amount would be reduced by $1,602.74 to $498,397.26.

However, if the monthly loan payment had been only $3,300, since the accrued interest was greater than the amount of the payment, all of the payment would have been applied on June 1 against interest. The Principal Amount would not be reduced and would remain at $500,000. The remaining interest owing of $97.26 would be deferred interest as provided under Section 3(8) above. On the next payment date on July 1, interest will be calculated on both the outstanding (unreduced) Principal

Amount of $500,000 and on the deferred interest of $97.26.

34. EQUIVALENT INTEREST RATES

If the Interest Rate in your mortgage is calculated monthly, not in advance, you may determine the equivalent interest rate calculated semi-annually, not in advance, by referring to the table below.

Interest Rate Calculated Monthly Not in advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)	Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)
2.000	2.008	**14.000**	14.415
2.125	2.134	14.125	14.547
2.250	2.261	14.250	14.680
2.375	2.387	14.375	14.812
2.500	2.513	14.500	14.945
2.625	2.639	14.625	15.078
2.750	2.766	14.750	15.211
2.875	2.892	14.875	15.344
3.000	3.019	**15.000**	15.477
3.125	3.145	15.125	15.610
3.250	3.272	15.250	15.743
3.375	3.399	15.375	15.876
3.500	3.526	15.500	16.009
3.625	3.652	15.625	16.143
3.750	3.779	15.750	16.276
3.875	3.906	15.875	16.409
4.000	4.033	**16.000**	16.543
4.125	4.161	16.125	16.677
4.250	4.288	16.250	16.810
4.375	4.415	16.375	16.944
4.500	4.542	16.500	17.078
4.625	4.670	16.625	17.212
4.750	4.797	16.750	17.345
4.875	4.925	16.875	17.480
5.000	5.052	**17.000**	17.614
5.125	5.180	17.125	17.748
5.250	5.308	17.250	17.882
5.375	5.436	17.375	18.016
5.500	5.563	17.500	18.151
5.625	5.691	17.625	18.285
5.750	5.819	17.750	18.419
5.875	5.947	17.875	18.554
6.000	6.076	**18.000**	18.689
6.125	6.204	18.125	18.823
6.250	6.332	18.250	18.958
6.375	6.460	18.375	19.093
6.500	6.589	18.500	19.228
6.625	6.717	18.625	19.363
6.750	6.846	18.750	19.498
6.875	6.974	18.875	19.633
7.000	7.103	**19.000**	19.768
7.125	7.232	19.125	19.903
7.250	7.360	19.250	20.039
7.375	7.489	19.375	20.174
7.500	7.618	19.500	20.310
7.625	7.747	19.625	20.445
7.750	7.876	19.750	20.581
7.875	8.005	19.875	20.716
8.000	8.135	**20.000**	20.852
8.125	8.264	20.125	20.988
8.250	8.393	20.250	21.124
8.375	8.522	20.375	21.260
8.500	8.652	20.500	21.396
8.625	8.781	20.625	21.532
8.750	8.911	20.750	21.668
8.875	9.041	20.875	21.804
9.000	9.170	**21.000**	21.940
9.125	9.300	21.125	22.077
9.250	9.430	21.250	22.213
9.375	9.560	21.375	22.350
9.500	9.690	21.500	22.486
9.625	9.820	21.625	22.623
9.750	9.950	21.750	22.760
9.875	10.080	21.875	22.896

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200533 Cote

Interest Rate Calculated Monthly Not in advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)
10.000	10.211
10.125	10.341
10.250	10.471
10.375	10.602
10.500	10.732
10.625	10.863
10.750	10.994
10.875	11.124
11.000	11.255
11.125	11.386
11.250	11.517
11.375	11.648
11.500	11.779
11.625	11.910
11.750	12.041
11.875	12.173
12.000	12.304
12.125	12.435
12.250	12.567
12.375	12.698
12.500	12.830
12.625	12.962
12.750	13.094
12.875	13.225
13.000	13.357
13.125	13.489
13.250	13.621
13.375	13.753
13.500	13.885
13.625	14.018
13.750	14.150
13.875	14.282

Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)
22.000	23.033
22.125	23.170
22.250	23.307
22.375	23.444
22.500	23.581
22.625	23.719
22.750	23.856
22.875	23.993
23.000	24.131
23.125	24.268
23.250	24.406
23.375	24.543
23.500	24.681
23.625	24.819
23.750	24.957
23.875	25.095
24.000	25.232
24.125	25.371
24.250	25.509
24.375	25.647
24.500	25.785
24.625	25.923
24.750	26.062
24.875	26.200

• • •

Dated as of November 2nd, 2005.
DUNDEE WEALTH BANK
By:

Karen D. Young
VP, Chief Legal and Compliance Officer

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200533 Ccb

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200534 Cote
Filing Date 16th Nov. 2005 Date de Dépôt
Page 1 of/de 33 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

STANDARD CHARGE TERMS
THE TORONTO-DOMINION BANK

Land Registration Reform Act

The following set of Standard Charge Terms will be deemed to be included in every *Mortgage* in which this set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act*.

While these Standard Charge Terms use common words, some words have a precise, particular meaning. These words are italicized. Definitions of the italicized words that are used in these Standard Charge Terms may be found in Article 11. All other words have their ordinary meanings.

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PART A – GENERAL PROVISIONS
(Applicable to all Mortgages)

ARTICLE 1
CHARGE AND PROMISES

1.01 You Give your Property as Security.

In return for the *Bank* agreeing to loan money to *you* or to loan money to someone else when *you* guarantee payment, *you* agree as follows:

(a) if *you* are the owner of the *Property*, *you* charge *your* entire interest in the *Property* to the *Bank*;

(b) if the *Property* includes *Leased Property you* charge the *Leased Property* to the *Bank* as security as set out in Article 8.02;

(c) the *Mortgage* is given to secure repayment of all existing and future advances, loans or lines of credit from the *Bank* to *you*, to secure any existing and future guarantees that *you* provide to the *Bank* and to secure *your* performance of all of the *Obligations*.

1.02 Your Promises to the Bank.

You promise and confirm that:

(a) *you* will pay all of the *Debt* to the *Bank* and perform all of the other *Obligations* as provided in the *Mortgage* and the *Credit Documents*;

(b) *you* are the lawful owner of the *Property* (unless the *Property* is *Leased Property*) and no other person owns all or part of the *Property*;

(c) *you* have the right to give the *Mortgage* to the *Bank* and charge the *Property* in favour of the *Bank*;

(d) if *you* do not pay the *Debt* to the *Bank* or perform *your* other *Obligations* as provided in the *Mortgage* and the *Credit Documents*, the *Bank* may, at its discretion, take possession of the *Property* free from any interference by *you* or anyone else living on the *Property* and free from any interests, encumbrances, limitations or restrictions other than those that the *Bank* has *Approved*;

(e) there are no limitations or restrictions to *your* title to the *Property* except those *you* have disclosed to the *Bank* in writing and the *Bank* has *Approved*;

(f) *you* will, at *your* expense, sign any other documents and take any further action that the *Bank* requests in order to ensure that *your* entire interest in the *Property* has been charged to the *Bank* and that the *Debt* is adequately secured by the *Property* and the *Mortgage*.

(g) If the *Mortgage* is not a first mortgage on the *Property*, *you* agree not to increase the principal amount owing under any prior mortgage or to re-borrow any amount repaid under a prior mortgage without the *Approval* of the *Bank*. The *Bank* may withhold its *Approval* for any reason. *You* promise not to default under any prior mortgage. *You* consent to the *Bank* giving notice to the holder of the other mortgage of the existence of this *Mortgage* and of all of the terms of this *Mortgage* and the *Credit Documents*.

ARTICLE 2
GENERAL PROVISIONS

2.01 Changes to Debt.

At *your* request and if the *Bank Approves*, the *Mortgage* will secure any future loans, lines of credit and advances to *you* in which the balance owing by *you* may increase or decrease from time to time and which may for periods of time have nothing owing. These future loans, lines of credit and advances will be secured by the *Mortgage* only if the *Credit Documents* indicate that they are to be secured by the *Property*. The *Mortgage* will continue to secure all of the *Debt* and *you* will continue to be liable for all of the *Debt* even if one or more of the following occurs:

(a) the *Bank* advances additional money secured by the *Mortgage* or readvances money that *you* have repaid under the *Mortgage*;

(b) the amount of the *Debt* increases or decreases, or if the *Debt* is reduced to zero and then increases;

(c) the documents that evidence the *Debt* change, or are replaced; for example if some *Credit Documents* are replaced by others – even if the new *Credit Documents* given by *you* have additional persons or fewer persons promising to pay the amount owing;

(d) the *Bank* increases or reduces the monetary amount of any credit available to *you*;

(e) the form of the *Debt* changes in any way, for example *Variable Rate Debt* or *Fixed Rate Debt* becomes *Collateral Loan Debt* or the *Mortgage* secures additional *Debt*;

(f) the *Mortgage* secures more than one type of *Debt* (for example *Fixed Rate Debt* and *Collateral Loan Debt*) or more than one type of *Collateral Loan Debt*; or

(g) the terms applicable to the *Debt* are changed, for example if the *Interest Rate* changes, if the *Debt* or a portion of the *Debt* is renewed or extended or if the *Regular Payments* change.

2.02 Application of Payments.

If *you* are in default under any of *your Obligations*, the *Bank* may apply any payments made by *you* to any one or more of *Collateral Loan Debt*, *Variable Rate Debt* and *Fixed Rate Debt* as the *Bank* may decide in its discretion.

2.03 Place of Payment.

You agree to repay the *Debt* to the *Bank* at its head office in Toronto, Ontario or any other place *Approved* by the *Bank*.

2.04 Time of Payment.

Any payment that is due on a day that is not a *Business Day* must be made on the *Business Day* immediately preceding the due date. The *Bank* will consider payments received after 2:00 p.m. (Eastern Standard Time or Eastern Daylight Time, as applicable) to have been made on the next *Business Day*.

2.05 Method of Payment.

The *Bank* may require that *you* give it:

(a) a written authorization to deduct automatically any payments due under the *Mortgage*, including payments of *Taxes*, from an account set up by *you* with the *Bank* or a financial institution *Approved* by the *Bank*; or

(b) a series of post-dated cheques for any payment, including payments of *Taxes* required under the *Mortgage*.

2.06 Failure to Pay or Perform Obligations.

If *you* fail to pay any part of the *Debt* when it is due or if *you* do not perform any of *your Obligations* when required, then, at the *Bank's* option, all of the *Debt* will immediately become payable. If the *Mortgage* secures more than one type of *Debt* (for example *Fixed Rate Debt* and *Collateral Loan Debt*) default under any type of *Debt* will constitute default under all types of *Debt* and the *Bank* will be able to exercise all of the remedies set out in Article 9 for all types of *Debt*. If *you* default under any prior mortgage (as mentioned in Section 1.02(g)), that default will be a default under the *Mortgage*.

2.07 Costs.

All *Costs* incurred by the *Bank* will be immediately payable by *you*, bear *Interest* at the highest *Interest Rate* and form part of the *Debt*. See Article 11 for the definition of *Costs*.

2.08 Deductions from Advances.

The *Bank* may deduct from any advance under the *Mortgage*:

(a) any *Taxes* that are due;

(b) any *Interest* due under the *Mortgage*;

(c) all legal fees and disbursements (and applicable taxes) for preparing and registering the *Mortgage*; and

(d) any *Costs* relating to the *Approval*, preparation or registration of the *Mortgage* or the *Credit Documents* (including fees for mortgage insurance and title insurance).

2.09 Advances under the Mortgage.

The *Bank* may decide, for any reason, that it will not advance all or any part of the *Original Principal Amount* even if the *Mortgage* has been registered and whether or not any part of the *Original Principal Amount* has previously been advanced to *you*. Even though the *Bank* has not advanced any money, the *Mortgage* will still secure *Costs*.

ARTICLE 3
COLLATERAL LOAN MORTGAGES

3.01 When This Article Applies.

The provisions in this Article apply if the *Mortgage* at any time secures *Collateral Loan Debt*. If the *Mortgage* secures *Collateral Loan Debt* and *Fixed Rate Debt* or *Variable Rate Debt*, the provisions of this Article apply only to the *Collateral Loan Debt*.

3.02 Repayment.

(a) *You* will pay the *Collateral Loan Debt* to the *Bank* on demand.

(b) *You* will pay *Interest* to the *Bank* on the *Collateral Loan Debt* at the interest rate and on the terms set out in the *Credit Documents*.

(c) If any payment is late, *you* will pay the *Bank* additional *Interest* as set out in the *Credit Documents*.

3.03 Prepayment.

The *Collateral Loan Debt* may only be prepaid as set out in the *Credit Documents*.

3.04 Other Terms.

Other terms applicable to the *Mortgage* and the *Collateral Loan Debt* are set out in the *Credit Documents*.

PART B – VARIABLE RATE MORTGAGES
(Applicable to Variable Rate Mortgages)

ARTICLE 4
MORTGAGES WITH A VARIABLE INTEREST RATE

4.01 When This Article Applies.

The provisions of this Article apply if the *Mortgage* initially secures *Variable Rate Debt*. If the *Mortgage* secures *Variable Rate Debt* and *Collateral Loan Debt*, the provisions of this Article apply only to the *Variable Rate Debt*. A schedule to the *Mortgage* will indicate if the *Mortgage* secures *Variable Rate Debt*.

4.02 Repayment.

(a) On the *Interest Adjustment Date you* will pay *Interest* to the *Bank* at the *Variable Interest Rate* on all amounts advanced, calculated from the date of each advance to but excluding the *Interest Adjustment Date*.

(b) After the *Interest Adjustment Date, you* will pay the *Bank* the *Variable Rate Principal Amount* together with *Interest* at the *Variable Interest Rate* on the *Variable Rate Principal Amount* calculated from the *Interest Adjustment Date*. *You* will repay these amounts in *Regular Payments* beginning on the *First Payment Date* and continuing on each *Payment Date* until the *Balance Due Date*. On the *Balance Due Date you* will pay the balance of the *Variable Rate Debt*.

(c) If the amount of any *Regular Payment* is less than the *Interest* on the *Variable Rate Debt* due for any *Interest Period*, *Deferred Interest* for that *Interest Period* will be added to the *Variable Rate Principal Amount* and then bear *Interest* at the *Variable Interest Rate*.

(d) If a *Regular Payment* is late *you* will pay *Late Interest*.

(e) *You* will continue to pay *Interest* at the *Variable Interest Rate* until all of the *Variable Rate Debt* has been repaid.

4.03 Changes in the Variable Interest Rate.

The *Variable Interest Rate* will change with any change in the *Mortgage Prime Rate*. If the *Bank* changes the *Mortgage Prime Rate*, the *Bank* may send *you* notice of the new *Variable Interest Rate*, but if the *Bank* fails to do so *you* will still be liable to make all payments when due under the *Mortgage* at the new *Variable Interest Rate*. These notices form a part of the *Mortgage*. A change in the *Variable Interest Rate* will become effective on the day that the *Mortgage Prime Rate* changes.

4.04 Table of Interest Rates.

The *Bank* calculates the *Variable Interest Rate* monthly, not in advance. The Appendix contains a table setting out sample *Variable Interest Rates* calculated monthly, not in advance, together with the equivalent interest rates calculated half-yearly not in advance. This table is for information purposes.

4.05 Interest on Late Payments (Compound Interest).

If any *Regular Payment* is late, the *Bank* will calculate *Late Interest* every day at the *Variable Interest Rate* on the full amount that is late. *You* agree to pay this *Late Interest*. The *Bank* will add *Late Interest* to the *Debt* at the end of each *Interest Period*.

4.06 Application of Regular Payments.

When the *Bank* receives a *Regular Payment*, the *Bank* will first apply it to *Late Interest*, if any. Next the *Bank* will apply it to *Interest* (other than *Deferred Interest*) on the *Variable Rate Principal Amount*. Finally, the *Bank* will apply any remaining part of the *Regular Payment* to reduce the *Variable Rate Principal Amount*. The *Bank* may also decide to apply a late *Regular Payment* to other amounts *you* may owe, for example *Taxes* in any order the *Bank* determines.

Example. The example set out below will help to determine:

(a) the approximate amount of each *Regular Payment* that will be applied to *Interest* owing; and

(b) either:

 (i) the amount of each *Regular Payment* that may be applied to reduce the *Variable Rate Principal Amount*; or

 (ii) the amount of *Deferred Interest*.

The following calculations are for illustration only and do not reflect the particulars of *your Mortgage*.

Formula. The following formula will help to calculate the *Interest* on the *Variable Rate Principal Amount* for any *Interest Period* to determine approximately how the *Bank* will apply a *Regular Payment*.

$$\text{Variable Rate Principal Amount} \quad X \quad \frac{\text{Variable Interest Rate}}{100} \quad X \quad \frac{\text{Number of days in the Interest Period}}{365}$$

Interest is calculated from and including the first date of an *Interest Period* to and including the last day of that *Interest Period*.

Calculation. Here is an example of how to calculate *Interest*:

(c) The *Variable Rate Principal Amount* from January 1 to January 31 is $50,000. The *Variable Interest Rate* on January 1 was 13% per annum. The *Payment Date* is February 1.

(d) In calculating *Interest* from January 1 to January 31, include January 1 and include January 31 so the number of days is 31.

$$\$50{,}000 \quad X \quad \frac{13}{100} \quad X \quad \frac{31}{365} \quad = \$552.05$$

(e) The total *Interest* from January 1 to January 31 is approximately $552.05.

(f) Assume that the amount of each *Regular Payment* is $575. The *Bank* would apply the February 1 payment as follows:

Interest from January 1 – January 31	$552.05
Amount applied to reduce the *Variable Rate Principal Amount*	22.95
	$575.00

(g) If the amount of each *Regular Payment* were only $500.00, all $500 would be applied to reduce the *Interest* owing; the unpaid *Interest* of $52.05 would be *Deferred Interest* that would be added to the *Variable Rate Principal Amount*.

4.07 Prepayment for Open Mortgages.

If the portion of the *Mortgage* securing *Variable Rate Debt* is open for prepayment and if *you* have performed all of *your Obligations* to date then *you* may prepay all or part of the *Variable Rate Principal Amount* on any *Payment Date* without notice or additional charge, other than the following administration fees. If *you* prepay the *Variable Rate Principal Amount* in full before the first anniversary of the *Interest Adjustment Date*, *you* must pay an administration fee of $500.00 with the prepayment. If *you* prepay the *Variable Rate Principal Amount* in full before the second anniversary of the *Interest Adjustment Date you* must pay an administrative fee of $250.00 with the prepayment. If *you* make a partial prepayment *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Variable Rate Debt* is paid.

4.08 Prepayment for Closed Mortgages.

If the portion of the *Mortgage* securing *Variable Rate Debt* is closed to prepayment and if *you* have performed all of *your Obligations*, *you* may do one or more of the following:

(a) Each calendar year, *you* may prepay up to fifteen per cent (15%) of the original *Variable Rate Principal Amount*, but not less than $100.00, without charge. This prepayment privilege is not cumulative from year to year. If the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year.

(b) Once each calendar year, on any *Payment Date*, on written notice, *you* may increase the amount of *your Regular Payments*, without charge, provided that the total of all increases does not exceed one hundred per cent (100%) of the *Regular Payment* originally indicated in the *Mortgage*. If *you* have increased *your Regular Payments*, then on written notice, without charge, *you* may later decrease each *Regular Payment* to an amount not less than the original *Regular Payment* indicated in the *Mortgage*.

(c) On any *Payment Date*, *you* may prepay all or any part of the *Variable Rate Principal Amount*, on payment of an amount equal to three (3) months' interest at the then current *Variable Interest Rate*, on the amount *you* prepay. Any prepayment *you* have made or could have made under Subsection 4.08(a) above will not be taken into account in calculating the three (3) months' interest.

If *you* make a partial prepayment, *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Variable Rate Debt* is paid.

4.09 Prepayment of Renewed or Extended Mortgages.

The prepayment provisions set out in this Article are only available during the original *Term*. If the terms of the *Mortgage* are renewed or extended, *you* may only use the prepayment provisions set out in the *Renewal Agreement*.

4.10 Trigger Point Amount

(a) Since *your Regular Payments* do not change if the *Variable Interest Rate* increases, it is possible that *your Regular Payments* will not be enough to pay the *Interest* due in any given *Interest Period*. If this occurs, the *Variable Rate Principal Amount* will increase by the amount of the *Deferred Interest*. If the amount of the *Variable Rate Principal Amount* increases to a certain limit (referred to as the *Trigger Point Amount*), then *you* will have to take one of the actions set out in this Section.

(b) *Mortgages* that are not *Insured Mortgages*

If *your Mortgage* is not an *Insured Mortgage*, and if at any time the *Variable Rate Principal Amount* plus *Deferred Interest* exceeds the *Trigger Point Amount*, the *Bank* may give *you* notice of the *Excess*. Within thirty days after receiving the notice *you* must do one of the following:

(i) make a payment to the *Bank* at least equal to the *Excess*; or

(ii) satisfy the *Bank* that the *Variable Rate Principal Amount* plus *Deferred Interest* is less than seventy-five per cent (75%) of the fair market value of the *Property* as established by a qualified real estate appraiser chosen by the *Bank*, but at *your* expense.

(c) *Insured Mortgages*

If *your Mortgage* is an *Insured Mortgage* and if at any time the *Variable Rate Principal Amount* plus *Deferred Interest* exceeds the *Trigger Point Amount*, the *Bank* may give *you* notice of the *Excess*. Within thirty days after receiving the notice *you* must do one of the following:

(i) make a payment to the *Bank* at least equal to the *Excess*;

(ii) convert the *Variable Interest Rate* to a *Fixed Interest Rate* as set out in Section 4.11; or

(iii) increase each *Regular Payment* to an amount sufficient to amortize the *Variable Rate Principal Amount* plus *Deferred Interest* over the remaining amortization period at the time of the increase on terms *Approved* by the *Bank*.

(d) Default

If *you* do not do what is required by paragraphs (b) or (c) above (whichever is applicable) the *Bank* has the option of demanding repayment of the *Variable Rate Debt* and exercising its remedies under the *Mortgage*.

(e) In this Section the following words have the following meanings:

(i) "*Excess*" means the *Principal Amount* plus *Deferred Interest* less the *Trigger Point Amount*.

(ii) "*Trigger Point Amount*" means, at any time,

(A) for *Mortgages* that are not *Insured Mortgages*, seventy-five per cent (75%) of the value of the *Property* as determined by the *Bank* at the time the *Bank Approved* the *Mortgage* (with or without an appraisal of the *Property*); or

(B) for *Insured Mortgages*, one hundred and five per cent (105%) of the original *Variable Rate Principal Amount*.

4.11 Changing from a Variable Interest Rate to a Fixed Interest Rate.

If *you* have performed all of *your Obligations* to date, then *you* may take one of the following options:

(a) If the *Variable Rate Debt* is open for prepayment, *you* may convert the *Variable Interest Rate* to a *Fixed Interest Rate* for a term that *you* select and the *Bank Approves*. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the term that is closest to the remainder of the *Term* and the *Principal Amount* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*.

(b) If the *Variable Rate Debt* is closed to prepayment, *you* may convert the *Variable Interest Rate* to a *Fixed Interest Rate* for a term that *you* select and the *Bank Approves*. *You* must select a new *Term* that extends beyond the *Balance Due Date*. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the term selected and the *Principal Amount* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*.

If *you* have selected either of the options in paragraphs (a) or (b) above, *you* agree to execute an *Amendment* setting out these new terms.

PART C - FIXED RATE MORTGAGES
(Applicable to Fixed Rate Mortgages)

ARTICLE 5
MORTGAGES WITH A FIXED INTEREST RATE

5.01 When This Article Applies.

The provisions of this Article apply if the *Mortgage* initially secures *Fixed Rate Debt*. If the *Mortgage* secures *Fixed Rate Debt* and *Collateral Loan Debt*, the provisions of this Article apply only to the *Fixed Rate Debt*. A schedule to the *Mortgage* will indicate if the *Mortgage* secures *Fixed Rate Debt*.

5.02 Repayment.

(a) On the *Interest Adjustment Date you* will pay *Interest* to the *Bank* on all amounts advanced, calculated from the date of each advance to but excluding the *Interest Adjustment Date*.

(b) After the *Interest Adjustment Date*, *you* will pay the *Bank* the *Fixed Rate Principal Amount* together with *Interest* at the *Fixed Interest Rate* on the *Fixed Rate Principal Amount* calculated from the *Interest Adjustment Date*. *You* will repay these amounts in *Regular Payments* beginning on the *First Payment Date* and continuing on each *Payment Date* until the *Balance Due Date*. On the *Balance Due Date you* will pay the balance of the *Fixed Rate Debt*.

(c) If a *Regular Payment* is late *you* will pay *Late Interest*.

(d) *You* will continue to pay *Interest* at the *Fixed Interest Rate* until all of the *Fixed Rate Debt* has been repaid.

5.03 Interest on Late Payments (Compound Interest).

If any *Regular Payment* is late, the *Bank* will calculate *Late Interest* every day at the *Fixed Interest Rate* on the full amount that is late. *You* agree to pay this *Late Interest*. The *Bank* will add *Late Interest* to the *Debt* at the end of each *Interest Period*.

5.04 Application of Regular Payments.

When the *Bank* receives a *Regular Payment*, the *Bank* will first apply it to *Late Interest*, if any. Next the *Bank* will apply it to *Interest* on the *Fixed Rate Principal Amount*. Finally, the *Bank* will apply any remaining part of the *Regular Payment* to reduce the *Fixed Rate Principal Amount*. The *Bank* may also decide to apply a late *Regular Payment* to other amounts *you* may owe, for example *Taxes* in any order the *Bank* determines.

Example. The example set out below will help to determine:

(a) the approximate amount of each *Regular Payment* that will be applied to *Interest* owing; and

(b) the amount of each *Regular Payment* that may be applied to reduce the *Fixed Rate Principal Amount*.

The following calculations are for illustration only and do not reflect the particulars of *your Mortgage*.

Formula: The following formula will help to calculate the *Interest* on the *Fixed Rate Principal Amount* for any *Interest Period* to determine approximately how the *Bank* will apply a *Regular Payment*.

$$\text{Fixed Rate Principal Amount} \quad \text{X} \quad \frac{\text{Fixed Interest Rate}}{100} \quad \text{X} \quad \frac{\text{Number of days in the Interest Period}}{365}$$

Interest is calculated from and including the first date of an *Interest Period* to and including the last day of that *Interest Period*. However, note that the *Fixed Interest Rate* is expressed to be calculated half-yearly. Because the *Fixed Interest Rate* is expressed to be calculated half-yearly and the following example uses a monthly calculation period, the result of applying the formula will only be approximate. The actual amount of *Interest* will be slightly lower.

Calculation. Here is an example of how to calculate *Interest*:

(c) The *Fixed Rate Principal Amount* from January 1 to January 31 is $50,000. The *Fixed Interest Rate* on January 1 was 9% per annum. The *Payment Date* is February 1.

(d) In calculating *Interest* from January 1 to January 31, include January 1 and include January 31 so the number of days is 31.

$$\$50{,}000 \quad \text{X} \quad \frac{9}{100} \quad \text{X} \quad \frac{31}{365} \quad = \$382.19$$

(e) The total *Interest* from January 1 to January 31 is approximately $382.19.

(f) Assume that the amount of each *Regular Payment* is $400. The *Bank* would apply the February 1 payment as follows:

Interest from January 1 – January 31	$382.19
Amount applied to reduce the *Fixed Rate Principal Amount*	17.81
	$400.00

5.05 Prepayment for Open Mortgages.

If the portion of the *Mortgage* securing *Fixed Rate Debt* is open for prepayment and if *you* have performed all of *your Obligations*, then *you* may prepay all or part of the *Fixed Rate Principal Amount* on any *Payment Date* without notice or additional charge. If *you* make a partial prepayment *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Fixed Rate Debt* is paid.

5.06 Prepayment for Closed Mortgages.

If the portion of the *Mortgage* securing *Fixed Rate Debt* is closed to prepayment and if *you* have performed all of *your Obligations*, *you* may do one or more of the following:

(a) Each calendar year, *you* may prepay up to fifteen per cent (15%) of the original *Fixed Rate Principal Amount*, but not less than $100.00, without charge. This prepayment privilege is not cumulative from year to year. If the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year.

(b) Once each calendar year, on any *Payment Date*, on written notice, *you* may increase the amount of *your Regular Payments*, without charge, provided that the total of all increases does not exceed one hundred per cent (100%) of the *Regular Payment* originally indicated in the *Mortgage*. If *you* have increased *your Regular Payments*, then on written notice, without charge, *you* may later decrease each *Regular Payment* to an amount not less than the original *Regular Payment* indicated in the *Mortgage*.

(c) On any *Payment Date*, *you* may prepay all or any part of the *Fixed Rate Principal Amount*, on payment of an amount equal to the greater of (i) three (3) months' interest at the *Fixed Interest Rate* on the amount *you* prepay or (ii) the *Interest Rate Differential Amount*. Any prepayment *you* have made or could have made under Subsection 5.06(a) above will not be taken into account in calculating the three (3) months' interest or the *Interest Rate Differential Amount*.

(d) "*Interest Rate Differential Amount*" means the amount of interest, calculated at the *Differential Interest Rate* on the amount of *Fixed Rate Debt* that *you* prepay, for the remaining *Term*. The "*Differential Interest Rate*" is the difference between (A) the *Fixed Interest Rate* and (B) the current interest rate for a *Similar Mortgage*. There will only be a *Differential Interest Rate* when the *Fixed Interest Rate* is higher than the current interest rate for a *Similar Mortgage*. A "*Similar Mortgage*" is a *Mortgage* offered by the *Bank* that has a fixed interest rate and a term closed to prepayment that is closest to the remainder of the *Term*. The current interest rate for a *Similar Mortgage* is the *Bank's* non-discounted posted rate less any rate reduction or discount received by *you* for the *Fixed Rate Debt*, and is determined on the earlier of the date of the prepayment or the date the *Bank* issues a valid discharge statement. If the *Fixed Rate Debt* has been re-financed and additional funds advanced using a blended rate of interest (including advances under the *Bank's* portability provisions), then the rate reduction will be the weighted average, based on the dollar amount, of the most recent rate reduction or discount received by *you* prior to the re-financing and the rate reduction on any additional funds advanced at the time of the re-financing.

If *you* make a partial prepayment, *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Fixed Rate Debt* is paid.

5.07 If You Move (Portability).

(a) If *you* own or purchase another property and

(i) *you* have performed all of *your Obligations*; and

(ii) *you* complete a new mortgage loan application that the *Bank Approves*,

then *you* may request the *Bank* to discharge the *Mortgage* on the *Property* and transfer the *Fixed Rate Debt* to the other property to be secured by a new mortgage.

(b) If *you* take advantage of the option in Subsection 5.07(a) then the following provisions also apply:

  (i) The *Fixed Interest Rate* and *Balance Due Date* will continue to apply to the outstanding *Fixed Rate Debt* secured by the new mortgage.

  (ii) The *Bank* will require the new mortgage to be registered. The new mortgage will secure the outstanding *Fixed Rate Debt* and must be the only mortgage or charge on the other property.

  (iii) *You* will pay all of the *Bank's* expenses that relate in any way to the new mortgage.

If there are several mortgagors, then only one mortgagor (or more than one if they are acting together) may use this privilege.

5.08 Prepayment of Renewed or Extended Mortgages.

The prepayment provisions set out in this Article are only available during the original *Term*. If the *Mortgage* is renewed or extended, *you* may only use the prepayment provisions set out in the *Renewal Agreement*.

5.09 Changing the Term for Six Month Mortgages.

If the *Term* is six (6) months and if *you* have performed all of *your Obligations*, then at any time before the *Balance Due Date you* may, without charge, select a new *Term* that is at least one (1) year in length. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the *Term* that *you* select. The *Mortgage* with the new *Term* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*. If *you* have selected this option, *you* agree to execute an *Amendment* setting out these new terms.

PART D - AMENDING OR EXTENDING THE MORTGAGE
(Applicable to Fixed Rate Mortgages and Variable Rate Mortgages)

ARTICLE 6
RENEWAL AND AMENDMENT PROVISIONS

6.01 General.

You may renew the *Mortgage* if the *Bank Approves*. A *Renewal Agreement* will conclusively establish any renewal or extension of the *Mortgage* as well as the terms of that renewal or extension.

6.02 Renewal Services.

The *Bank* may allow *you* to renew the *Mortgage* by telephone or on the *Bank's* web site. The *Bank* will send *you* a document confirming the renewal terms by ordinary mail. *You* agree to sign this document and return it to the *Bank*. For *your* renewal to be effective, the *Bank* must receive *your* signed *Renewal Agreement* within thirty days of the beginning of the new *Term*. If *you* do not return *your* signed *Renewal Agreement*, the *Bank* may, in reliance on *your* renewal instructions, process a new *Mortgage* payment consistent with the document sent to *you*. If *you* do not object in writing within fifteen (15) days of the *Bank* processing the new *Mortgage* payment *you* will have *Approved* the terms set out in the document, which becomes *your Renewal Agreement*.

6.03 The Bank's Renewal Right.

If on or before the *Balance Due Date you* do not (i) repay all of the *Debt*, (ii) renew or extend the *Mortgage*, (iii) give notice to the *Bank* in writing at least fifteen (15) days before the *Balance Due Date* to cease automatically debiting *Regular Payments* to *your Mortgage* account or (iv) give written notice to the *Bank* that *you* do not wish to renew or extend the *Term*, then the *Bank* has the option by giving written notice to *you* of renewing or extending the *Mortgage* for one year at a fixed interest rate on a fully open basis at the *Bank's* posted interest rate then applicable to one year open mortgages. All of the provisions contained in the offer to renew or extend mailed to *you* and the provisions of Parts A, D and E of these Standard Charge Terms applicable to one-year open mortgages will apply to the renewed or extended *Mortgage*. The provisions of the renewed or extended *Mortgage* will bind all mortgagors and all *Guarantors*.

6.04 Several Mortgagors.

You and all *Guarantors* agree that, with the *Bank's Approval*, any one mortgagor can agree to any *Amendment* or *Renewal Agreement*, and that agreement will bind all other mortgagors and all *Guarantors*. The person so agreeing is deemed to be the agent of the others.

6.05 Registration of Amendments.

You agree that any *Amendment* does not have to be registered in any land registry office. Any *Amendment* will be binding on *you*, on the *Bank*, on any transferee of the *Property* and on any person who has an interest in the *Property*. Any *Amendment* will have priority over any subsequent charge, mortgage, interest in or transfer of the *Property* to the same extent as if the *Amendment* had been registered in the appropriate land registry office before registration of any subsequent charge, mortgage, interest or transfer.

6.06 No Renewal Without the Bank's Approval.

Except as set out in Sections 6.02 and 6.03, no payment made by *you* after the *Balance Due Date* or after the end of any extension or renewal will result in any renewal or extension of the *Mortgage* unless the *Bank* has *Approved* the extension or renewal.

PART E – OTHER GENERAL PROVISIONS
(Applicable to All Mortgages)

ARTICLE 7
OTHER PROVISIONS AFFECTING THE MORTGAGE

7.01 Sale or Transfer of Property.

If *you Convey* the *Property* or any interest in the *Property* to anyone (in this Section a "*Purchaser*") and the *Purchaser* has not:

(a) applied for and received the *Bank's Approval* to assume the *Mortgage*; and

(b) signed an assumption agreement *Approved* by the *Bank*,

then the *Bank* may demand repayment of the *Debt* by notice in writing and the *Debt* will become immediately payable. The applicable prepayment provisions in Articles 3, 4 and 5 will apply to any repayment. No change in the ownership of the *Property* or any agreement between the *Bank* and a *Purchaser* will in any way affect or prejudice the *Bank's* rights against *you* or any other person liable for payment of the *Debt*. The *Bank* may enter into agreements with a *Purchaser* without notice to *you* and without *your Approval*. *You* will not be released from *your Obligations* even if the *Bank* accepts money from a *Purchaser* or if a *Purchaser* agrees with the *Bank* without notice to *you* to assume, renew, extend or amend the *Mortgage*.

7.02 Assignment of Leases.

As additional security for *your* performance of the *Obligations*, *you* agree to assign to the *Bank* from time to time, immediately on its request, any lease of the whole or any part of the *Property*. Any assignment must be in a form acceptable to the *Bank*. *You* will deliver to the *Bank* executed copies of all leases of the *Property* at the *Bank's* request. *You* will comply with all of the landlord's obligations in any lease assigned by *you* to the *Bank*. *You* agree that none of the *Bank's* rights or remedies under the *Mortgage* will be delayed, hindered or prejudiced by these assignments.

7.03 Assignment of Rents.

You agree with the *Bank* as follows:

(a) For the purposes of this Section the term "leases" includes agreements to lease, tenancy agreements, licenses and occupancy agreements.

(b) *You* hereby assign to the *Bank* all rents payable from time to time under all present and future leases of all or any part of the *Property*; *you* also assign the *Bank* the benefit of all other tenants' obligations under those leases.

(c) As soon as *you* enter into any lease of the *Property you* will, if requested by the *Bank*, execute and deliver to the *Bank* an assignment in the *Bank's* usual form of all rents payable under that lease and the benefit of all other tenants' obligations under that lease. *You* will also execute and deliver to the *Bank* any other documents that the *Bank* determines are necessary to make the assignment effective.

(d) Nothing in the *Mortgage*, or in the assignments referred to in this Section, will make the *Bank* responsible for the collection of rents payable under any lease of the *Property* or for the performance of any other obligations in any lease.

(e) The *Bank* will not be considered a mortgagee in possession or landlord of the *Property* because of any assignment referred to in this Article.

(f) The *Bank* only has to account for rent that the *Bank* actually receives (less reasonable collection charges) and the *Bank* may apply those rents to repayment of the *Debt* in any manner that the *Bank* in its discretion determines.

7.04 Payments the Bank may Make.

The *Bank* may pay any rents or satisfy any present or future *Taxes*, mortgages, rates, charges, *Common Expenses* or other similar liabilities or interests in the *Property*. These amounts, when paid by the *Bank*, form part of the *Debt*.

7.05 Taxes.

(a) *You* will pay all *Taxes* on the *Property* promptly as they fall due. If the *Bank* requests evidence of payment of *Taxes*, *you* will immediately provide the *Bank* with evidence satisfactory to the *Bank* that *you* have paid all *Taxes*. If *you* do not provide the *Bank* with this evidence the *Bank* may obtain it directly from the municipality or other taxing authority. Any charge the *Bank* incurs to obtain this evidence will be added to the *Debt* and is payable by *you* immediately. *You* hereby authorize the municipality to release all tax information on the *Property* to the *Bank*.

(b) If a portion of the *Debt* is *Fixed Rate Debt* or *Variable Rate Debt* then the following provisions apply:

(i) The *Bank* may pay out of any advance any *Taxes* payable at the date of that advance or due within the calendar year.

(ii) If the *Bank* requires,

(A) *you* agree to pay the *Bank* on each *Payment Date* an amount the *Bank* estimates will be required to provide funds sufficient to pay all *Taxes* for the year by the time the *Bank* remits the *Taxes*. The *Bank* may pay the *Taxes* at any time or times as it sees fit.

(B) The *Bank* may re-estimate *your Taxes* from time to time. *You* will pay any additional amounts required because of a re-estimate. *You* will provide the *Bank* with all tax bills and other notices relating to *Taxes* on the *Property* immediately after *you* receive them. The *Bank* may obtain these directly from the municipality or other taxing authority. Any charges the *Bank* incurs to obtain these items will be added to the *Debt* and are payable by *you* immediately.

(C) As long as the *Bank* requires *you* to make tax payments under this Section, and as long as *you* have performed all of *your Obligations*, the *Bank* agrees to pay from the *Tax Account* all *Taxes* as they fall due or at any time the *Bank* thinks fit to the extent that there are sufficient funds in the *Tax Account*. If the amount in the *Tax Account* is insufficient, the *Bank* may, at its option, either debit to the *Tax Account* or add to the *Debt* the amount by which the *Tax Account* is insufficient.

(D) Any debit balance in the *Tax Account* will bear *Interest* at the highest *Interest Rate* payable under the *Mortgage* and will form part of the *Debt*. The *Bank* does not have to pay interest on any credit balance in the *Tax Account*.

(E) If at any time the *Taxes* that the *Bank* has paid exceed the amount *you* have paid under this Section, *you* will immediately, on the *Bank's* request, pay the *Bank* that difference.

(F) The *Bank* is not a trustee of the *Tax Account*.

(iii) If *you* fail to perform any of *your Obligations*, any payments made by *you* under this Section may at the *Bank's* option be either credited to the *Tax Account* or applied against the *Debt*.

7.06 Repair and Maintenance of the Property.

You agree as follows:

(a) *You* will keep the *Property* in good condition and repair and *you* will not do anything that will diminish the value of the *Property*.

(b) *You* will not change the use of the *Property*.

(c) The *Bank* or any insurer of the *Mortgage* may, whenever they deem it necessary, enter and inspect the *Property* and conduct any environmental testing, site assessment, investigation or study that the *Bank* or any insurer thinks is necessary. *You* will pay the *Bank* on demand the reasonable *Costs* of those inspections, investigations, assessments, studies and testing.

(d) *You* will promptly, at *your* own cost, comply with all *Laws* concerning the *Property*. At *your* own cost *you* will make all improvements or alterations to the *Property* that may be required at any time by any *Law*.

7.07 The Bank's Rights During Construction.

(a) Before commencing any construction on the *Property you* will have all plans and specifications *Approved* by the *Bank*.

(b) If at any time

(i) any construction on the *Property* remains unfinished and without any work being done on it for more than ten (10) consecutive days;

(ii) *you* deviate from any plans that have been *Approved* by the *Bank*;

(iii) *you* deviate from the generally accepted local standards of construction; or

(iv) *you* allow a construction lien to be registered against the *Property* for more than thirty (30) days,

then the *Bank* may, without becoming a mortgagee in possession, enter the *Property* and do all work necessary to protect the *Property* from deterioration. The *Bank* may complete any construction on the *Property* in accordance with plans and specifications that have been *Approved* by the *Bank* or otherwise as the *Bank* in its discretion determines. In completing construction the *Bank* may use and have exclusive possession of all materials and equipment on the *Property* without any interference from *you*. The *Bank* may also pay the amount of any lien and add that amount to the *Debt*.

7.08 Insurance.

(a) As long as there is any *Debt* outstanding, *you* will, at *your* expense, take out and keep in force insurance on the *Property*. *You* will keep the *Property* insured against loss or damage in an amount equal to not less than one hundred percent (100%) of the full replacement value of the *Property* pursuant to a mortgage endorsement in favour of the *Bank* issued by *your* insurer for the *Property*. The risks against which *you* must insure include fire, extended perils, tempest, tornado, cyclone, lightning, wind, storm, hail, explosion, riot, impact by aircraft or vehicle, smoke damage, other risks covered by a standard extended coverage insurance policy and any other risks and hazards that the *Bank* may from time to time require. *You* will ensure that the *Bank* is sent copies of all notices sent to *you* about this insurance. If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* takes out and keeps this insurance in force.

(b) As long as there is any *Debt* outstanding, if a sprinkler system, a steam boiler or any apparatus operating or operated by steam is installed in or operated on the *Property*, *you* will insure the buildings on the *Property* against loss or damage caused by any bursting, explosion or defect in the sprinkler system, boiler or apparatus to the full replacement value of the *Property*.

(c) All insurance policies must provide that any loss will be payable to the *Bank* as its interest may appear and must contain the standard mortgage clause *Approved* by the *Bank*.

(d) The *Bank* may require any insurance on the *Property* to be cancelled and new insurance taken out with an insurance company *Approved* by the *Bank* (and *Approved* by the landlord under the *Lease* if the *Property* is a *Leased Property* and if required by the *Lease*). The *Bank* may, without consulting *you*, take out any insurance on the *Property* if the *Bank* has not received proof of coverage satisfactory to it. The premiums for this insurance will be added to the *Debt*.

(e) *You* agree that *you* will deliver certificates of insurance or, if required by the *Bank*, certified copies of insurance policies as soon as possible after placing the required insurance.

(f) All policies must contain an undertaking by the insurer to notify the *Bank* in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination of any policy.

(g) If *you* fail to take out or to keep in force any insurance policy, or if any insurance policy is not *Approved* by the *Bank*, and if *you* do not rectify the situation within seven (7) days after written notice from the *Bank*, the *Bank* may, without consulting you, take out insurance at *your* expense. If *you* have failed to meet any of *your Obligations*, the *Bank* may charge *you* the cost of insuring the *Property* under an individual or a blanket insurance policy issued to the *Bank*. The *Bank* is under no obligation to insure the *Property* or to insure the *Property* for more than the *Debt*. However, if the *Bank* does take out additional insurance, it will be at *your* expense.

(h) If the *Bank* pays any premiums for insuring the *Property*, the amount of any payments will be added to the *Debt* and will be payable immediately.

(i) When the *Bank* requests it, *you* will provide the *Bank* with satisfactory evidence of the insurance required under this Section and proof that the premiums for that insurance have been paid. *You* must also provide the *Bank* with satisfactory evidence of the renewal of all insurance policies at least fifteen (15) days before the termination of each policy.

(j) The *Bank* in its discretion may require that all insurance proceeds be paid to the *Bank*, to *you* or to any other person appearing by the records of the Land Registry Office to be or to have been the owner of the *Property*. The proceeds may also be paid partly in one way and partly in another, or they may be applied, in the *Bank's* sole discretion, in whole or in part to repay the *Debt* even if the *Debt* is not yet due. The *Bank* may in its discretion instead require that the insurance proceeds be applied to rebuilding or repairing the *Property*. If the *Property* is a *Leased Property*, the insurance proceeds will be applied to rebuilding or repairing the *Property*, if required by the *Lease*.

(k) All policies of insurance must show any loss payable (i) to the *Bank*, (ii) to a trustee *Approved* by the *Bank* pursuant to an insurance trust agreement *Approved* by the *Bank* or (iii) to both (if the *Property* is a condominium unit). The terms of any insurance trust agreement may not, once *Approved* by the *Bank*, be altered without the *Bank's* further *Approval*.

(l) The *Mortgage* also charges all insurance proceeds as security for the *Debt*. If the *Property* is a condominium unit, the *Mortgage* also charges *your* interest in the insurance trust mentioned in Subsection 7.08(k) and on any insurance proceeds relating to the *Property* held by the trustee.

(m) If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* will at all times comply with the terms of all insurance policies, the insurance provisions of the *Declaration* and any insurance trust agreement. *You* will also ensure that the insurance taken out by the *Condominium Corporation* complies with the *Obligations* of this Section. Finally, *you* will ensure that the *Condominium Corporation* assigns and delivers to the *Bank* certificates of insurance or, if required by the *Bank*, certified copies of each insurance policy, as soon as possible after placing the required insurance.

(n) If there is any loss or damage, *you* must furnish at *your* own expense all necessary proofs and do all necessary acts to enable the *Bank* to obtain payment of the

insurance proceeds. Production of the *Mortgage* will be sufficient authority for the insurer to pay any loss to the *Bank*.

(o) The insurance provisions of this Section apply to all buildings, structures and improvements on the *Property* whenever built and during construction.

7.09 Subdivision, Release and Replacement of Property.

You agree as follows:

(a) The *Mortgage* charges every part or lot into which the *Property* is or may be divided for all of the *Debt*. No person will have any right to require the *Debt* to be apportioned with respect to any part or lot.

(b) At any time before or after the *Mortgage* is registered, the *Bank* may take other security, take evidence of indebtedness or obtain additional promises of payment. None of these actions will affect the *Bank's* rights under the *Mortgage* or limit the liability of any person who is liable under the *Mortgage* or any *Guarantor*.

(c) The *Bank* may from time to time release or discharge the *Property*, any part of the *Property*, any other security the *Bank* has taken or any *Guarantor* on any terms that the *Bank* thinks proper. The *Bank* may at any time without notice to any person or without the consent of any person, make a settlement, extension or variation in the terms of any *Obligation*. No release, discharge, settlement, extension or variation in terms, nor any carelessness or neglect by the *Bank* in asserting its rights, the loss by operation of *Law* of any right the *Bank* has against *you* or any other person, or the loss or destruction of any security, will in any way release, diminish or prejudice its security against any undischarged *Property*. Similarly, no such action will release or prejudice any of the *Obligations* or release or diminish *your* liability or the liability of any *Guarantor* so long as any *Debt* remains unpaid. No security or *Guarantor* will be released or discharged except by a written release or discharge executed by the *Bank*.

7.10 Change of Control.

If *you* are a corporation and *you Convey* any interest in *your* issued and outstanding shares so that there is a change in *your* effective voting control without the *Bank's Approval*, then the *Bank* may exercise any of the remedies set out in Article 9. The *Bank's Approval* may be withheld in its unqualified subjective discretion.

7.11 Servicing Fees.

The *Bank* may charge a reasonable servicing fee to process each application for *Approval* contemplated by this Article. This servicing fee will be payable immediately upon demand and will form part of the *Debt*.

7.12 Repayment of Payments Made by the Bank.

Any payments made by the *Bank* under this Article will be added to the *Debt* and are payable by *you* immediately.

7.13 CashBack Repayment.

In addition to any other charges, if *you* prepay the *Mortgage* and *you* received a *CashBack* from the *Bank*, *you* will also pay an amount calculated as follows:

Formula.

$$\textit{CashBack}\text{ repayment} = \text{Amount of }\textit{CashBack}\text{ received} \times \frac{\text{Number of full or partial months remaining in the }\textit{Term}\text{ at the time of prepayment}}{\text{Number of months in the }\textit{Term}}$$

Example. The following example will show how to calculate the *CashBack* repayment. The following calculations are for illustration only and do not reflect the particulars of *your Mortgage*.

> If *you* received a $3,000 *CashBack*, the *Mortgage* had a *Term* of 5 years and *you* paid it off after two years (i.e. after 24 months), there would be 36 months remaining in the *Term*. The formula would then be applied as follows:
>
> $$\$3{,}000 \quad \text{X} \quad \frac{36}{60} \quad = \$1{,}800$$
>
> *You* would have to repay $1,800 to the *Bank*.

This amount will also be due if the *Bank* enforces its rights under Article 9.

ARTICLE 8
PROVISIONS FOR SPECIFIC TYPES OF PROPERTIES

8.01 Additional Promises for Leased Property.

If the *Property* is a *Leased Property*, *you* promise and confirm to the *Bank* that:

(a) *you* own *your* leasehold interest in the *Property*;

(b) *you* have the right to mortgage or charge the *Lease* and sublet the *Leased Property* to the *Bank*; if required under the *Lease*, *you* have obtained the landlord's consent to the *Mortgage*;

(c) neither *you* nor any other person has mortgaged or otherwise encumbered the *Lease* or *your* rights under the *Lease*;

(d) the *Lease* is a valid, existing lease and has not been amended except as *you* have advised the *Bank* in writing; *you* have paid the rent and performed *your* obligations under the *Lease* up to the date *you* signed the *Mortgage* and there is no default under the *Lease*;

(e) *you* will not amend, surrender or terminate the *Lease* without the *Bank's* prior *Approval*. *You* will pay the rent under the *Lease* and perform *your* obligations under the *Lease* as long as the *Debt* is outstanding. *You* will provide the *Bank* with any notice of default under the *Lease* that *you* receive. *You* will indemnify the *Bank* from all actions, claims and demands relating to defaults under the *Lease*; and

(f) *you* will assign the last day of the term of the *Lease*, or any renewal term, which *you* hold in trust for the *Bank*, as it may direct.

8.02 Additional Provisions for Leased Property.

If the *Property* is a *Leased Property*, the following provisions apply:

(a) *You* charge the *Leased Property* to the *Bank* as security only and not as a complete assignment of *your* interest. *You* sublease the *Leased Property* to the *Bank* to the extent required by *Law* for the charge to be effective for the remainder of the term of the *Lease*. except for the last day of the term of the *Lease* (including the last day of any renewal). *You* hold all other rights under the *Lease*

in trust for the *Bank*, including the last day of the term, and any right of renewal or right to purchase.

(b) *You* hereby irrevocably appoint the *Bank* as *your* agent. If there is default under the *Mortgage*, the *Bank* may, as *your* agent, assign the *Lease* and the last day of the term of the *Lease* as the *Bank* may determine in its discretion. If the *Bank* sells the *Leased Property* pursuant to Article 9, the *Bank* may assign *your* interest in the *Lease* to a purchaser. The *Bank* may at any time remove *you* or any other person from being a trustee of the *Lease* under the trust set out in Subsection 8.02(a) and appoint a new trustee in *your* place.

(c) At the *Bank's* request but at *your* cost *you* will assign to the *Bank* the last day of the term of the *Lease* or any renewal or substituted term. If the *Bank* sells the *Leased Property* under the power of sale *you* will hold the *Leased Property* and the last day of the term in trust for any purchaser.

(d) If *you* neglect or refuse to renew the *Lease* then the *Bank* may renew the *Lease* in its own name so that the *Lease* will continue to be security for the *Mortgage*.

(e) If *you* have not performed *your Obligations* for fifteen (15) days, the *Bank* may, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, assign the *Lease*. Any assignment may be on the terms set out in Subsection 9.01(h) of these Standard Charge Terms.

(f) No sale or other dealing by *you* with the *Lease* or the *Leased Property* and no extension of time given by the *Bank* to *you*, or anyone claiming under *you*, or any dealing by the *Bank* with the landlord or the *Lease*, will in any way affect or prejudice the *Bank's* rights against *you* or any other person liable to repay the *Debt*.

(g) If *you* acquire any additional interest in the *Leased Property*, then by the *Mortgage you* charge that additional interest to the *Bank* without *you* or the *Bank* having to do anything further.

8.03 Additional Promises if the Property is a Condominium Unit.

(a) *You* promise to perform all of *your* obligations under the *Condominium Act* and under the *Declaration*, the by-laws and the rules of the *Condominium Corporation*. Any breach of those obligations will constitute a default under the *Mortgage*. In addition, the following provisions apply:

  (i) *You* will pay promptly when due *your* contribution to *Common Expenses*.

  (ii) *You* will provide the *Bank* immediately on request with satisfactory evidence that all *Common Expenses* have been paid.

  (iii) The *Bank* may deduct from any advance of the *Principal Amount* the amount of *Common Expenses* that are payable and are unpaid at the date of that advance.

  (iv) If the *Bank* requests, *you* will give it copies of all notices, financial statements, reserve fund studies and other documents from time to time given to *you* by the *Condominium Corporation*.

  (v) If the *Bank* gives *you* notice, *you* will pay the amount necessary to pay *Common Expenses* to the *Bank*. The *Bank* will remit all sums to the *Condominium Corporation* on *your* behalf.

(b) *You* irrevocably authorize the *Bank* to exercise *your* right to vote or to consent in all matters relating to the affairs of the *Condominium Corporation*, provided that:

(i) the *Bank* will only exercise *your* right to vote or consent if the *Bank* has given *you* and the *Condominium Corporation* the notice required by the *Condominium Act* that the *Bank* intends to exercise this right;

(ii) the *Bank* is not under any obligation to vote or consent;

(iii) in voting or consenting the *Bank* is not obligated to protect *your* interests, but may vote or consent as the *Bank* in its discretion determines; and

(iv) if the *Bank* votes or consents the *Bank* is not a mortgagee in possession.

8.04 Additional Provisions if the Mortgage is an Insured Mortgage.

If the *Mortgage* is an *Insured Mortgage* and is insured by the Canada Mortgage and Housing Corporation,

(a) the *Mortgage* is made pursuant to the *National Housing Act* (Canada); and

(b) the definition of the interest adjustment date as mentioned in s.36(1) of the National Housing Loan Regulations will apply to all *National Housing Act* insured loans.

ARTICLE 9
ENFORCEMENT

9.01 Enforcing the Bank's Rights.

If *you* do not comply with any of *your Obligations*, the *Bank* may exercise any one or more of the remedies listed below in any order that the *Bank* chooses:

(a) **Immediate Payment.**

The *Bank* may, at its option without notice to *you*, require all *Debt* to be paid to the *Bank* immediately.

(b) **Legal Action.**

The *Bank* may take whatever legal action is necessary to collect all or part of the *Debt*. This legal action may include suing *you* for the *Debt*.

(c) **Personal Property.**

The *Bank* may enter the *Property* and distrain against (i.e. seize and sell) any personal property owned by *you* to repay all or part of the *Debt*.

(d) **Take Possession of the Property.**

The *Bank* may take and keep possession of the *Property*, collect rents from it and manage or lease the *Property* or any part of it. Before the *Bank* takes possession of the *Property*, the *Bank* can ask *you* to leave the *Property* with all *your* belongings and if *you* do not do so the Courts of Ontario will order *you* to leave. If *you* refuse to do so the Court will have *you* forcibly removed. If *you* have not removed *your* personal belongings from the *Property* before the *Bank* takes possession, *you* authorize the *Bank* to remove and dispose of *your* belongings in any manner that the *Bank*, in its absolute discretion, deems appropriate, without notice to *you*. The *Bank* will have no liability for moving, disposing or storing those belongings. *You* will be responsible for all *Costs* incurred by the *Bank* in dealing with those belongings. These *Costs* will be added to the *Debt*.

(e) **Lease the Property.**

The *Bank* may take possession of the *Property* and lease it on any terms that the *Bank* determines in its discretion without notice to *you*. The *Bank* may apply the net proceeds of any lease to reduce the *Debt*. If the net proceeds do not pay all of the *Debt*, *you* must immediately pay the *Bank* the difference.

(f) **Foreclosure.**

The *Bank* may take court proceedings to foreclose *your* interest in the *Property*. If the *Bank* obtains a final order of foreclosure, *your* interest in the *Property* will belong to the *Bank* and *you* will have no further interest in the *Property*.

(g) **Judicial Sale.**

The *Bank* may ask the court to order a sale of the *Property*, under the court's supervision. If the amount the *Bank* receives from the sale of the *Property* is less than the *Debt*, *you* must immediately pay the *Bank* the difference.

(h) **Power of Sale.**

If any default continues for at least fifteen (15) days, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, or any other minimum period that may be prescribed by *Law*, the *Bank* may sell the *Property* or any part of it. Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on any terms that the *Bank* determines in its discretion. The *Bank* will apply the net proceeds of any sale to reduce the *Debt*. If the net proceeds do not pay all of the *Debt you* must immediately pay the *Bank* the difference. The exercise by the *Bank* of its power of sale does not preclude the *Bank* from any further exercise of its power of sale in accordance with this Section.

(i) **Cure any Defaults.**

The *Bank* may, but is not obligated to, cure any of *your* defaults under the *Mortgage* at *your* expense, and generally take any other steps or proceedings against *you* as are permitted by *Law*. *You* will immediately pay the *Bank* any money it spends or is obligated to spend in curing any defaults. The *Bank* may add any money it has spent curing *your* defaults to the *Debt*. In order to cure any defaults the *Bank* may enter on the *Property* as often as necessary. If the *Bank* enters the *Property* it will not be a mortgagee in possession.

9.02 Other Defaults.

The *Bank* may also exercise its remedies under this Article if any one or more of the following occurs:

(a) if the *Property* is the subject of a restraint order under the *Controlled Drugs and Substances Act* or a similar order under any *Law*;

(b) if *you* have ever used the *Property* for any purpose that is in violation of the *Controlled Drugs and Substances Act* or any similar *Law*; or

(c) if *you* have made any material misrepresentation to the *Bank* in connection with the *Mortgage* or the *Credit Documents*.

9.03 Costs of Proceedings.

The *Costs* of any sale or foreclosure proceedings, whether or not the sale or foreclosure is completed, or any *Costs* that the *Bank* incurs in taking or keeping possession of the *Property* or

enforcing its remedies under the *Mortgage*, are immediately payable by *you* whether or not any actual proceeding has commenced.

9.04 Prepayment as a Result of Default.

Subject to any *Renewal Agreement*, if the *Bank* exercises its rights under Subsection 9.01(a) and requires immediate payment of all *Variable Rate Debt* and *Fixed Rate Debt* and the *Mortgage* is closed to prepayment, then *you* also agree to pay the following amounts:

(a) if the *Mortgage* secures *Variable Rate Debt* then *you* will pay an amount equal to three (3) months' interest at the then current *Variable Interest Rate*, on the outstanding *Variable Rate Debt*;

(b) if the *Mortgage* secures *Fixed Rate Debt* then *you* will pay an amount equal to the greater of (i) three (3) months' interest at the *Fixed Interest Rate* on the outstanding *Fixed Rate Debt* or (ii) the *Interest Rate Differential Amount* calculated on the outstanding *Fixed Rate Debt*.

9.05 Appointment of Receiver.

If *you* do not comply with any of *your Obligations*, the *Bank* may appoint a *Receiver* on any terms (including remuneration) that the *Bank* thinks are reasonable. The *Bank* may also remove any *Receiver* and appoint another *Receiver*. The following provisions apply:

(a) The *Receiver* will be *your* agent, not the *Bank's*; *you* alone will be responsible for any of the *Receiver's* acts or omissions. The *Bank* will not be responsible for any misconduct or negligence of the *Receiver*.

(b) Any *Receiver* may or may not be the *Bank's* officer or employee.

(c) Appointing a *Receiver* will not constitute the *Bank* a mortgagee in possession.

(d) From the income collected, the *Receiver* may pay all *Taxes*, insurance premiums and other expenses required to keep the *Property* in good condition; pay its own fees as *Receiver*; pay all amounts required to keep any mortgages or other interests ranking in priority to the *Mortgage* in good standing; pay *Interest*; and pay all or any part of the *Debt*, whether due or not.

(e) The *Bank* is not accountable for any money received by the *Receiver* except to the extent that the *Bank* actually receives that money.

(f) The *Receiver* may do any one or more of the following:

   (i) use every right or remedy that the *Bank* has under the *Mortgage* to collect the income from the *Property*, take possession of all or part of the *Property*, manage the *Property* and keep the *Property* in good condition;

   (ii) manage any business conducted on the *Property*;

   (iii) lease all or any portion of the *Property*, and for this purpose enter into contracts in *your* name that will be binding on *you*;

   (iv) sell the *Property*;

   (v) arrange for the repair and maintenance of the *Property*; arrange to complete any construction on the *Property*; arrange for construction of leasehold improvements. The *Receiver* may register plans of subdivision and declarations and descriptions for the *Property*. The *Receiver* may also take possession of and use any materials, supplies, plans, tools or equipment on the *Property*; and

(vi) borrow money on the security of the *Property* in priority to the *Mortgage*.

(g) The rights and powers in this Section are supplemental to any other rights and powers that the *Bank* may have.

9.06 Court Appointed Receiver.

The *Bank* may ask the Court to appoint a *Receiver*, or confirm the appointment of a *Receiver*, of the *Property*. The terms of the appointment of this *Receiver* will be as the Court determines.

ARTICLE 10
MISCELLANEOUS PROVISIONS

10.01 Judgments.

If the *Bank* obtains a judgment because of *your* default in any *Obligation*, that judgment will not operate as a merger of any *Obligation* or affect the *Bank's* right to *Interest*. Any judgment will provide that *Interest* is to be computed at the same rate and in the same manner as set out in the *Mortgage* until the judgment is fully paid.

10.02 Costs of Dishonoured Payments.

If any cheque *you* have given the *Bank* is not honoured, or if any automatic deduction is not processed, *you* must pay the *Bank's* then current standard administration fee for each cheque that is dishonoured or payment that is not processed. The *Bank's* standard administration fee represents a reasonable estimate of the damages the *Bank* will suffer because the cheque is dishonoured or the payment is not processed. This sum will be added to the *Debt* from the date the cheque is dishonoured or the payment not processed.

10.03 Discharge.

When *you* have paid the *Debt* in full and performed all of *your* other *Obligations*, the *Bank* will, if requested by *you*, sign a discharge or a transfer of the *Mortgage*. The *Bank* will have a reasonable time to prepare and sign the discharge or transfer or to authorize the electronic registration of a discharge or transfer. The *Costs* of registration of any discharge will be *your* responsibility. *You* will pay the *Bank's* then current administration fee for preparing a discharge or an assignment of the *Mortgage*. Registration and the costs of registration of any discharge or transfer will be *your* responsibility. If the *Bank* registers the discharge or transfer, *you* will pay any government fee that the *Bank* incurs for registration.

10.04 Conflict.

If there is any conflict between the terms of the *Mortgage* and the terms of the *Commitment*, the *Commitment* will prevail. If there is any conflict between the terms of the *Mortgage* and the terms of the *Credit Documents*, the *Credit Documents* will prevail. If there is any conflict between the terms of the *Mortgage* and the terms of any *Renewal Agreement*, the *Renewal Agreement* will prevail.

10.05 Notices by the Bank.

(a) Unless otherwise stated in the *Mortgage*, and subject to Article 6, if the *Mortgage* allows or requires the *Bank* to make a demand on, give a notice or consent to or make a request of any person (including *you*), the *Bank* may make the demand, give the notice or consent or make the request, in any one or more of the following ways, at the *Bank's* sole discretion:

(i) by delivering it personally to the person (if the person is a corporation, by delivering it personally to a director, officer or employee of the corporation);

- (ii) by transmitting it by facsimile to the person;
- (iii) by transmitting it via e-mail to the person (if the person is a corporation, by transmitting it via e-mail to a director, officer or employee of the corporation);
- (iv) by mailing it by prepaid registered mail addressed to the person at the person's last known address; or
- (v) by transmitting it by any other means as the *Bank Approves* in writing in advance.

(b) Unless otherwise stated in the *Mortgage*, notice will be regarded as received:

- (i) when it is personally delivered to the person or to the director, officer or employee of the corporation;
- (ii) on the day of the facsimile transmission or, if that day is not a *Business Day*, on the first *Business Day* after the facsimile transmission;
- (iii) on the first *Business Day* after the e-mail to the person or to the director, officer or employee of the corporation;
- (iv) five (5) days after the date of mailing, whether the person receives it or not; or
- (v) on any other date as the *Bank* advises *you* when it advises *you* of an alternative method of notice pursuant to Paragraph 10.05(a)(v).

10.06 Notices by You.

(a) Any notice that *you* give the *Bank* must be by one of the following methods:

- (i) registered mail, postage prepaid to the address on the *Mortgage*;
- (ii) personal delivery to the manager of the branch of the *Bank* that administers the *Mortgage*; or
- (iii) any other method that the *Bank Approves* in advance.

(b) Unless otherwise agreed to by *you* and the *Bank* notice will be deemed to be received:

- (i) five (5) days after mailing by registered mail;
- (ii) when personally delivered to the branch manager; or
- (iii) on any other date the *Bank* advises *you* when it advises *you* of an alternative method of notice.

10.07 Number.

Words in the singular include the plural and words in the plural include the singular.

10.08 Who is Bound.

The *Mortgage* is binding on *you, your* legal and personal representatives, *your* heirs, *your* successors and *your* assigns. The *Mortgage* is also binding upon anyone to whom *you* transfer the *Property*. The *Mortgage* is binding on the *Bank*, on its successors and on anyone to whom the *Bank* may transfer the *Mortgage*.

10.09 Consents and Disclosure.

(a) *You* consent to the *Bank* transferring, selling or assigning the *Mortgage* and all of its rights under the *Mortgage*;

(b) If the *Bank* does so, it may disclose information about *you* and the *Mortgage* to anyone to whom the *Bank* transfers, sells or assigns its rights;

(c) The *Bank* may also disclose information about *you* and the *Mortgage* to an insurer or other third party from whom the *Bank* may obtain benefits that protect its security;

(d) *You* consent to insurers and other third parties that provide benefits or services to the *Bank* for the *Mortgage* obtaining information about *you* from credit bureaus and other lenders to evaluate *you* and the *Mortgage*.

10.10 Partial Invalidity.

If any provision of the *Mortgage* is found to be invalid or unenforceable, the validity and enforceability of all other provisions in the *Mortgage* will not be affected.

10.11 Effect of Amendments.

Any agreement to make an *Amendment* to the *Mortgage* including, without limitation, any extension of time for payment, change in the *Interest Rate* or renewal or extension of the *Term*, will apply not only to those who *Approve* the *Amendment* but also to any *Guarantor* and to any other person who was a party to the *Mortgage* but did not *Approve* the *Amendment*.

10.12 Liability.

If two or more persons are liable under the *Mortgage* their liability is both joint and several (that is, they are each liable for the full performance of all *Obligations*).

10.13 Telephone Calls.

You agree that the *Bank* may tape any telephone calls to ensure quality service and to confirm *your* discussions with the *Bank* and any of its employees.

10.14 Governing Law.

The *Mortgage* shall be governed by the *Laws* of Ontario and the applicable federal *Laws* of Canada. *You* submit to the jurisdiction of the courts of Ontario with respect to the *Mortgage*.

10.15 Statute References.

A reference in the *Mortgage* to a statute includes the statute as it may be amended and any replacement or substitute statute.

ARTICLE 11
DEFINITIONS

11.01 Definitions.

In this set of Standard Charge Terms and in any *Mortgage* incorporating these Standard Charge Terms, the following words have the following meanings:

> "*Amendment*" means any document or agreement *Approved* by both *you* and the *Bank* that changes any term of the *Mortgage*, including without limitation changes to the amount of a *Regular Payment*, changes to the frequency of payments and any agreement renewing or extending the *Mortgage*.

"*Approved*" means agreed to in writing or by another method that the *Bank* may make available. "*Approve*", "*Approves*" and "*Approval*" have corresponding meanings.

"*Balance Due Date*" means the Balance Due Date indicated in the *Mortgage* or other date *Approved* by *you* and the *Bank* and is the date the *Principal Amount* is payable. This date is the same date as the *Last Payment Date*.

"*Bank*" means The Toronto-Dominion Bank, the mortgagee or chargee under the *Mortgage*.

"*Business Day*" means a day other than a Saturday, a Sunday or a statutory holiday observed in the Province of Ontario.

"*CashBack*" means an amount of money (the equivalent of an *Interest Rate* discount calculated over the *Term*) paid to *you* in advance at the time *you* take out the *Mortgage*.

"*Collateral Loan Debt*" means all present and future amounts owing by *you* to the *Bank*, including *Interest*, pursuant to a line of credit agreement, loan agreement, guarantee or any other document that *you* have agreed will be secured by the *Property*. Without limiting the previous sentence, *Collateral Loan Debt* includes any debt, past, present or future, direct or indirect, absolute or contingent, matured or not, remaining unpaid by *you* to the *Bank*, in any currency, whether arising from dealings between *you* and the *Bank* or from any other dealings or proceedings by which the *Bank* may in any manner be or become *your* creditor, however incurred, whether incurred by *you* alone or with others and whether as principal or as surety.

"*Collateral Loan Principal Amount*" means the portion of the *Principal Amount* that bears *Interest* at the *Collateral Loan Interest Rate*.

"*Commitment*" means a document *Approved* by both *you* and the *Bank* in which the *Bank* commits to providing *you* with mortgage financing, including an advance, a loan or a line of credit, which sets out the terms of that mortgage financing and which includes the disclosure of the cost of borrowing mandated by the *Bank Act* (Canada).

"*Common Expenses*" means the expenses related to the performance of the objects and duties of the *Condominium Corporation* and all expenses specified as common expenses in the *Condominium Act* or in the *Declaration*.

"*Condominium Act*" means the *Condominium Act, 1998*, S.O. 1998, c. 19 (as amended or replaced).

"*Condominium Corporation*" means the condominium corporation that was created by the registration of the *Declaration* and the *Description* on land of which the *Property* is a part.

"*Convey*" means sell, convey, dispose of, transfer or lease, or enter into an agreement to sell, convey, dispose of, transfer or lease (whether by operation of law or otherwise); "*Conveyed*" has a corresponding meaning.

"*Costs*" means all of the fees, costs, charges and expenses relating to:

(i) the *Approval*, preparation, execution and registration of the *Mortgage*, any document connected with the *Mortgage* and any *Amendment*, discharge or transfer of the *Mortgage*;

(ii) any amounts the *Bank* is entitled to charge *you* or pay on *your* behalf under the *Mortgage*;

(iii) any expenses that the *Bank* incurs in enforcing any of its remedies under the *Mortgage*;

(iv) any charges of a municipality or other taxing authority for providing the *Bank* with information on *Taxes* or imposed because the *Bank* (rather than *you*) is paying *Taxes*;

(v) any inspection of the *Property*;

(vi) any environmental testing, site assessment, investigation, study or inspection of the *Property*;

(vii) all repairs made to the *Property*;

(viii) having to take possession and secure, complete and equip any buildings, structures or improvements on the *Property*, including completing construction of the *Property*;

(ix) the renewal of any leasehold interest;

(x) the cost of any *Receiver*;

(xi) any expenses incurred in removing a construction lien from title to the *Property*, obtaining a discharge of a construction lien or defending a construction lien action relating to the *Property*;

(xii) any mortgage insurance or title insurance; and

(xiii) all lawyers' fees and disbursements (including those of the *Bank's* in-house lawyers) in any way relating to items (i) through (xii) on a full indemnity basis.

"Credit Documents" means documents *Approved* by *you* and the *Bank* that relate to *Collateral Loan Debt*. *Credit Documents* include promissory notes, line-of-credit agreements, loan agreements, guarantees, any other documents that *you* have agreed will be secured by the *Property* and any amendments or renewals of those documents.

"*Debt*" means the sum of *Fixed Rate Debt*, *Variable Rate Debt*, *Collateral Loan Debt*, *Costs* and all other amounts payable by *you* under the *Mortgage* or the *Credit Documents*.

"*Declaration*" means the declaration that was registered pursuant to the *Condominium Act* or any predecessor legislation to create the *Condominium Corporation*.

"*Deferred Interest*" means, for any *Interest Period*, the *Interest* that has accrued on the *Variable Rate Principal Amount* that is greater than a *Regular Payment*.

"*Description*" means the description registered pursuant to the *Condominium Act* or any predecessor legislation.

"*Differential Interest Rate*" has the meaning set out in Subsection 5.06(d).

"*Excess*" has the meaning set out in Subsection 4.10(e).

"*First Payment Date*" means the First Payment Date indicated in the *Mortgage* or any other date *Approved* by *you* and the *Bank*.

"*Fixed Interest Rate*" means the annual fixed rate of interest indicated in the *Mortgage* or *Approved* by *you* and the *Bank*. The *Fixed Interest Rate* is calculated half-yearly, not in advance.

"*Fixed Rate Debt*" means the *Fixed Rate Principal Amount* and *Interest* under a *Mortgage* having a *Fixed Interest Rate*.

"*Fixed Rate Principal Amount*" means the portion of the *Principal Amount* that bears *Interest* at the *Fixed Interest Rate*.

"*Guarantor*" means each guarantor described in the *Mortgage* or who signs a written document, agreeing to be responsible for all or some of *your Obligations* and agreeing to be bound by the terms of the *Mortgage*.

"*Insured Mortgage*" means a mortgage insured by the Canada Mortgage and Housing Corporation, Genworth Financial Mortgage Insurance Company Canada or any other mortgage insurer *Approved* by the *Bank*.

"*Interest*" means all the interest owing from time to time under the *Mortgage* or the *Credit Documents*, calculated at the applicable *Interest Rate*.

"*Interest Adjustment Date*" means the Interest Adjustment Date indicated in the *Mortgage* or any other date *Approved* by the *Bank*.

"*Interest Period*" means the period between two consecutive *Regular Payments* beginning on a *Payment Date* and ending on the day before the next *Payment Date*.

"*Interest Rate*" means the *Fixed Interest Rate*, the *Variable Interest Rate* or the interest rate or rates set out in the *Credit Documents*, as applicable.

"*Interest Rate Differential Amount*" has the meaning set out in Subsection 5.06(d).

"*Last Payment Date*" means the Last Payment Date indicated in the *Mortgage* or any other date *Approved* by *you* and the *Bank*. This date is the same date as the *Balance Due Date*.

"*Late Interest*" means the additional *Interest* charged by the *Bank* on both the principal and interest portion of any late *Regular Payment*.

"*Law*" means any law, statute, rule, requirement, demand, order, direction, code, guideline, ordinance, by-law, policy or regulation of any government, governmental authority or agency.

"*Lease*" means any lease, sublease or agreement to lease that gives *you your* interest in the *Property* as a tenant, lessee, subtenant or sublessee.

"*Leased Property*" means *your* leasehold interest in the *Property* under a *Lease*.

"*Mortgage*" means, for the non-electronic paper based registration system, the mortgage or charge of the *Property* signed by *you* in the Form 2 Charge/Mortgage of Land and any schedules attached to it or, for the electronic registration system, the mortgage or charge of the *Property* given by *you* to the *Bank* pursuant to *your* signed authorization and direction, and prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act* of Ontario. "*Mortgage*" also includes all schedules and *Amendments*, these Standard Charge Terms and any notice advising *you* of a change in the *Variable Interest Rate*.

"*Mortgage Prime Rate*" means the annual interest rate (calculated monthly not in advance) that the *Bank* sets and adjusts at its discretion as the reference rate the *Bank* will charge for variable interest rate loans on prime residential properties. The current *Mortgage Prime Rate* is available from the *Bank's* branch offices.

"*Obligations*" means all of the obligations that *you* have agreed to perform and all of the promises *you* have made under the *Mortgage* and the *Credit Documents*.

"*Original Principal Amount*" means the original principal that is indicated in the *Mortgage*.

"*Payment Date*" means the date on which *you* are to make a *Regular Payment* indicated in the *Mortgage*, or any other date *Approved* by *you* and the *Bank*.

"*Principal Amount*" means that portion of the *Original Principal Amount* that is outstanding from time to time. *Principal Amount* includes *Variable Rate Principal Amount, Fixed Rate Principal Amount* and *Collateral Loan Principal Amount*.

"*Property*" means all or any part of (i) the lands described in the *Mortgage*, (ii) any buildings or structures now on those lands or added to those lands at any time and (iii) anything now or later attached or fixed to those lands, buildings or structures.

"*Purchaser*" has the meaning set out in Section 7.01.

"*Receiver*" means a person appointed by the *Bank* or a Court to collect income from and manage the *Property*; "*Receiver*" includes a receiver and a receiver and manager.

"*Regular Payment*" means the amount of each payment or the payments indicated in the *Mortgage* or other payment *Approved* by *you* and the *Bank* for either *Fixed Rate Debt* or *Variable Rate Debt*.

"*Renewal Agreement*" means an agreement, renewal notice or written letter *Approved* by the *Bank* and at least one of *you* confirming the terms of a renewal or extension of the *Mortgage*.

"*Similar Mortgage*" has the meaning set out in Subsection 5.06(d).

"*Tax Account*" means an account on the *Bank's* books of account relating to the *Mortgage* and to which the *Bank* may add payments made by *you* under Section 7.05.

"*Taxes*" means all present and future realty taxes, rates and assessments of any nature or kind on the *Property* and includes interest and penalties.

"*Term*" means the length of time from the *Interest Adjustment Date* to the *Balance Due Date* or other length of time *Approved* by *you* and the *Bank*.

"*Trigger Point Amount*" has the meaning set out in Subsection 4.10(e).

"*Variable Interest Rate*" means the annual interest rate, calculated monthly not in advance, that changes from time to time based on the *Mortgage Prime Rate*.

"*Variable Rate Debt*" means the *Variable Rate Principal Amount, Interest* and *Deferred Interest* under a *Mortgage* having a *Variable Interest Rate*.

"*Variable Rate Principal Amount*" means the portion of the *Principal Amount* that bears *Interest* at the *Variable Interest Rate*.

"*You*" means each of the persons indicated as chargors or mortgagors in the *Mortgage* and anyone else who is bound by the *Mortgage* under Section 10.08. "*Your*" has a corresponding meaning.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200534 Ccta

APPENDIX
TABLE OF VARIABLE RATES

Variable Interest Rate Calculated Monthly not in Advance	Equivalent Annual Interest Rate Calculated Half-Yearly not in Advance	*Variable Interest Rate* Calculated Monthly not in Advance	Equivalent Annual Interest Rate Calculated Half-Yearly not in Advance
%	%	%	%
3.00	3.0188	16.00	16.5429
3.25	3.2721	16.25	16.8102
3.50	3.5256	16.50	17.0777
3.75	3.7794	16.75	17.3455
4.00	4.0335	17.00	17.6316
4.25	4.2878	17.25	17.8819
4.50	4.5424	17.50	18.1506
4.75	4.7973	17.75	18.4195
5.00	5.0524	18.00	18.6887
5.25	5.3078	18.25	18.9581
5.50	5.5634	18.50	19.2278
5.75	5.8193	18.75	19.4979
6.00	6.0755	19.00	19.7682
6.25	6.3319	19.25	20.0387
6.50	6.5887	19.50	20.3096
6.75	6.8456	19.75	20.5807
7.00	7.1029	20.00	20.8521
7.25	7.3604	20.25	21.1238
7.50	7.6182	20.50	21.3957
7.75	7.8762	20.75	21.6680
8.00	8.1345	21.00	21.9405
8.25	8.3931	21.25	22.2133
8.50	8.6519	21.50	22.4863
8.75	8.9111	21.75	22.7597
9.00	9.1704	22.00	23.0333
9.25	9.4301	22.25	23.3072
9.50	9.6900	22.50	23.5814
9.75	9.9502	22.75	23.8559
10.00	10.2107	23.00	24.1307
10.25	10.4714	23.25	24.4057
10.50	10.7324	23.50	24.6810
10.75	10.9937	23.75	24.9566
11.00	11.2552	24.00	25.2325
11.25	11.5170	24.25	25.5086
11.50	11.7791	24.50	25.7851
11.75	12.0414	24.75	26.0618
12.00	12.3040	25.00	26.3388
12.25	12.5669		
12.50	12.8301		
12.75	13.0935		
13.00	13.3572		
13.25	13.6212		
13.50	13.8854		
13.75	14.1499		
14.00	14.4147		
14.25	14.6798		
14.50	14.9451		
14.75	15.2108		
15.00	15.4766		
15.25	15.7428		
15.50	16.0092		
15.75	16.2759		

Dated the 4th day of November, 2005

Bruce Salvatore

Bruce Salvatore

Solicitor for The Toronto-Dominion Bank

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200534 [illegible]

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200535 Cote
Filing Date 16 NOV -2005 Date de Dépôt
Page 1 of/de 19 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – Accredited Home Lenders Canada, Inc.

STANDARD CHARGE TERMS

The following set of STANDARD CHARGE TERMS shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the above Act.

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PARTIES AND TERMS

1. **Parties to the Standard Charge Terms and What Certain Terms Mean.**

In this set of Standard Charge Terms, you, as the **Chargor**, agree with us, as the **Chargee**, to the following terms, representations and conditions for the charge of your Property.

Charge means the Charge/Mortgage of Land in which this set of Standard Charge Terms is referred to by its filing number including any schedules and addenda thereto, this set of Standard Charge Terms and any confirming or amending or renewal agreements executed in writing by the parties to the Charge, whether registered or not.

Phrases in the Charge beginning with capitals such as **Property, Guarantor, Principal Amount**, **Balance Due Date** and **Interest Rate** refer to the applicable information set forth beside those phrases in the Charge/Mortgage of Land in which this set of Standard Charge Terms is referred to and any amendment of the applicable information on renewal or otherwise from time to time.

MATTERS RELATING TO YOUR CHARGE OF THE PROPERTY

2. **Charge of Your Property**

You mortgage and charge the Property to us as security for payment of all monies owing by you pursuant to the Charge, including the Principal Amount, interest and all fees and costs.

3. **No Obligation to Advance or Readvance.**

The preparation, execution or registration of the Charge does not bind us to advance the Principal Amount, nor will the advance of a part of the Principal Amount bind us to advance or readvance any other portion of the Principal Amount, but nevertheless the security on the Property will take effect immediately on execution of the Charge by you. Part or parts of the Principal Amount may be readvanced from time to time, without obligation on us to do so.

4. **Statutory Covenants.**

The covenants contained in this Charge are additional and supplemental to and in the case of any conflict override the covenants set out in any statute regarding charges, including Section 7(1) of the Land Registration Reform Act, R.S.O. 1990, c. L.4.

5. **Leasehold Charge.**

If the Property is a leasehold, the Charge subleases the Property to us for the balance of the term of the lease on which you hold the Property except the last day of such term and charges all other interest in the Property and the lease including any renewal, purchase and other rights. You stand possessed of the last day of the term in trust for us and grant us the power to assign and dispose of the last day of the term.

6. **Discharge.**

After you pay us the Principal Amount, interest and all the other amounts secured by this Charge in full we will sign a discharge, or if requested by you an assignment of this Charge. You will give us a reasonable time after payment in which to prepare and issue the discharge. If electronic registration is available for the Property, we may register the discharge on your behalf and provide you or your lawyer (as applicable) with confirmation of registration.

MATTERS RELATING TO PAYMENT

7. **Your Promise to Pay.**

You covenant to pay to us the Principal Amount, interest and all fees and costs as follows:

(a) interest on the Principal Amount at the Interest Rate from the date of each advance until the Interest Adjustment Date will be due and paid in advance on the date of each advance;

(b) from and after the Interest Adjustment Date, the Principal Amount and interest on the Principal Amount at the Interest Rate computed from the Interest Adjustment Date will become due and be paid in instalments each in the amount set out in the Charge/Mortgage of Land on the same day of each and every month as the day of the First Payment Date, the first of such payments to be paid on the First Payment Date and the last on the Balance Due Date;

(c) costs, fees and other liabilities that are not Principal Amount or interest on Principal Amount will be payable on demand with interest thereon at the Interest Rate; and

(d) the balance of the Principal Amount then remaining and all other amounts secured by this Charge together with interest thereon at the Interest Rate will be paid on the Balance Due Date.

8. **Your Obligation to Pay Without Set-off or Delay.**

You agree to pay all amounts payable pursuant to this Charge without abatement, set-off or counterclaim. Any claim you may make against us either initially or by way of abatement, set-off or counterclaim, will not diminish or delay your obligations to make the payments as provided in this Charge and will not delay the exercise of any remedy nor be a defence to any claim by us against you under this Charge. And without limiting the generality of the foregoing, you agree the foregoing applies with respect to any claim or issue of any kind regarding life or other insurance purchased with respect to the Charge.

9. **Preauthorized Payments.**

Unless we otherwise agree, you will establish and make all regular payments as they become due pursuant to a preauthorized payment method acceptable to us.

10. **Time and Place for Payment.**

All payments under this Charge must be made to us at such place as we designate to you from time to time. Any payment received by us after 2:00 p.m. or on a day we are closed for business will be deemed for the purpose of calculation and payment of interest, to have been made and received on the next day we are open for business.

11. **Application of Payments.**

All payments when received will be applied first in payment of interest calculated at the Interest Rate, and second in payment of the principal except that if you are in default, we may apply any payments received during the period you are in default on such part of the liabilities secured by this Charge as we may choose.

12. **Interest After Default.**

If you are in default in payment of any amount including interest, interest will be payable on the interest and other arrears at the Interest Rate, or if renewed at the interest rate in the last renewal of the Charge, compounded monthly.

13. **Closed Mortgage/Prepayment Privilege and Compensation.**

The Charge, and if renewed each renewal term, is closed to prepayment except as follows:

(a) **Annual 20% Prepayment.** You may, when not in default, on each anniversary of the Interest Adjustment Date prepay an amount not greater than 20% of the Original Principal Amount of the Charge. You may not prepay more than this even though you prepaid less than this on a previous anniversary date;

(b) **Prepayment After Year 2**. You may also where the term of the Charge or renewal is more than two years, at any time after the first two years of the term of the Charge or if renewed, after the first two years of the term of the last renewal of the Charge, prepay the full outstanding balance upon payment of a prepayment charge of the greater of:

(i) three months interest at the Interest Rate or, if renewed, at the interest rate in the agreement for the last renewal of the Charge; or,

(ii) the interest rate differential based on the difference between the Interest Rate, or if renewed the interest rate in the agreement for the last renewal of the Charge, and our posted rate at the time of prepayment for a new mortgage loan for the term we then offer that is the same as or is the next shortest to the remaining term of the Charge, or if renewed of the agreement for the last renewal of the Charge,

calculated on the full principal amount being repaid.

(c) **Prepayment on Sale**. You may during the first two years of the term of the Charge, or if renewed during the first two years of the term of the last renewal of the Charge, prepay the full outstanding balance only upon the closing of a bona fides armslength sale of the Property and the payment of a prepayment charge of six months interest calculated at the Interest Rate, or if renewed at the interest rate in the agreement for the last renewal of the Charge, on the principal amount being prepaid.

The 20% prepayment privilege set out in section 13(a) may not be used to reduce the prepayment charge when prepayment in full is being made pursuant to section 13(b) or (c).

MATTERS RELATING TO RENEWAL

14. Renewal of this Charge.

You agree that this Charge may be automatically renewed from time to time in the following manner:

Prior to the Balance Due Date of the Charge, and of each renewal term, we may, but we are not obligated to, send to you at your last address on our records, a notice of renewal setting forth the balance outstanding on the Charge and the interest rate, payment amount and the other terms and conditions on which the Charge may be renewed. Unless you pay the balance outstanding on the Charge, accept other renewal terms we offer or make other arrangements with us in writing to extend payment by the Balance Due Date or maturity date of any renewal or extended term of this Charge, you will be deemed to have accepted a renewal for a three (3) year term on the terms set out in the notice of renewal. On any renewal, the amount of the payments being made pursuant to the preauthorized payment service will be adjusted accordingly. Renewal fees not paid by such Balance Due Date or maturity date will be added to the balance outstanding on the Charge and bear interest at the renewal rate.

15. Priority of Renewal.

No renewal or extension of time given by us to you shall in any way affect or prejudice our rights against you, the Guarantor or any other person. The Charge will secure the payment and other obligations as extended or changed in the renewal agreement and will be deemed dated as of the first day of each renewal term. It will not be necessary to register notice of any such renewal or obtain any consents or acknowledgements in order to retain priority for this Charge so altered over any subsequent encumbrance or instrument registered subsequent to this Charge.

YOUR COVENANTS AND WARRANTIES RELATING TO TITLE, USE AND SALE

16. Title Warranty and Covenants.

You warrant and agree that:

(a) **Good Title**. You have good and marketable title in fee simple to the Property subject only to any prior registered charge, to which we have agreed in writing;

(b) **To Protect Title**. You will preserve your title to the Property and the validity and priority of this Charge and you will forever warrant and defend the same for us against the claims of all persons;

(c) **Authority to Charge**. You have the right to charge the Property to us;

(d) **Release of Claims**. You release to us all of your right, title, interest and claim to the Property subject to the right to discharge contained in paragraph 4 above.

17. **Leasehold Land.**

If the Property is leasehold land, in place of paragraph 16(a) you warrant and agree that:

(a) the lease is a good, valid and subsisting lease and has not been surrendered, forfeited, amended or become void or voidable, the rents and covenants in the lease have been duly paid and performed and if required, the lessor's consent to the Charge of the lease has been obtained; and

(b) during the term of the lease and any extension or renewal of the lease, you will not amend, surrender, subordinate or modify the lease or consent to any subordination, waiver or cancellation of any provision of it without our written consent, you will pay the rent as required by the lease and perform and observe the covenants, provisos and conditions contained in the lease and you will indemnify us against all actions, claims and demands whatsoever in respect of the such rent and covenants or anything relating to the lease.

18. **Fixtures, Additions, etc..**

You agree the Property includes all property of any kind that is at any time attached or fixed to the land or buildings or placed on and used in connection with them including all heating and cooling equipment such as furnaces, pumps, water heaters and air conditioners (central, window and other units), all cooking and refrigeration equipment, light fixtures, television antennae, satellite dishes, alarm and security systems, central vacuum, carpet where laid, trees, shrubs and plants, as well as all alterations, additions and improvements to the land and buildings.

19. **Representations, Information, etc.**

You warrant and represent that all representations made by you or anyone on your behalf in the application for the mortgage loan and any other information you or the Guarantor have provided to us for our consideration in deciding whether to grant, amend or renew the mortgage loan or any other amount secured by this charge are true and correct at the time made or provided.

20. **Residential Use and Rental of the Property.**

Where:

(a) the Charge has been approved by us on the basis of homeowner occupancy of all or part of the Property, the Property or applicable part will be occupied by you and your family as your principal residence property for the term and each renewal term of the Charge; or,

(b) we have approved the Charge on the basis of investment or rental property, you will lease and maintain the unit or units for residential purposes only in a prudent businesslike manner at fair rents in compliance with all applicable tenancy laws and regulations.

21. Compliance With Building and Other Laws.

Your use of the Property complies and you will continue to comply with all building and zoning by-laws and if a non-conforming use, you will continue such legal non-conforming use, unless we otherwise agree in writing. You will also comply with all other laws in your use and occupation of the Property and will not use or permit the Property to be used for any illegal, improper or immoral purpose or activity.

22. No Prior Liens or Charges.

You will not create or permit to exist any other mortgage, construction lien (other than any unregistered lien for an account not yet due for work or supply to an improvement approved by us) or other lien (other than for taxes and utilities not yet due) or other encumbrance against the Property which has or may in any manner claim any priority over this Charge.

23. Payment of Taxes and Other Encumbrances.

Unless we elect to pay taxes as provided in paragraph 29 of this Charge, you will pay all taxes levied on the Property as they become due. You will, no later than October 31st of each year, give us receipts showing that the taxes have been paid. In this Charge, "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties levied on or payable with respect to the Property. You will also pay all accounts for utilities supplied to the Property and all charges, mortgages, liens and other encumbrances on the Property when they are due and comply with your other obligations under them.

24. No Sale Without Consent.

You will not sell, transfer, lease or otherwise dispose of all or any part of the Property or any interest in the Property without our prior written approval and if approved, without such approved purchaser, transferee or lessee entering an assumption agreement in form satisfactory to us. Acceptance of any payments from a purchaser, transferee or lessee not approved in writing by us, will not constitute an approval or waiver by us.

25. Further Assurances.

You will, before or after default, execute any further documents and do such other acts with respect to any aspect of this Charge, at your own expense, as we may reasonably require.

26. Reservation of Rights.

You agree that no sale or other dealing by you with the Property or any dealing by us with the whole or any part of Property or with any person liable in any manner for the whole or any part of the amount secured by this Charge, shall in any way affect or prejudice our rights against you, the Guarantor or any other person liable to pay any amount secured by this Charge.

MATTERS RELATING TO A PROPERTY THAT IS A CONDOMINIUM

27. Covenants for a Condominium Unit.

The following provisions apply to any condominium unit that is part of the Property:

(a) **Payment of Common Expenses and Compliance.** You will pay all contributions to common expenses of the condominium as they become due and comply with the Condominium Act and the declaration, by-laws and rules of the corporation. You will provide us with proof of your payment and your compliance from time to time as we may request. You will forward to us as received copies of any notices, assessments, by-laws, rules and financial statements of the corporation. You will provide us, on request, with any other documents and information that you receive from the corporation or are entitled to receive.

(b) **Repair.** You will maintain all improvements made to your unit and repair them after damage.

(c) **Insurance of Unit.** You will insure all improvements which you or the previous owners have made to your unit. Furthermore, you will insure your common or other interest in buildings which are part of the condominium property or assets of the corporation, if the corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the corporation. These obligations are in addition to your obligations in this Charge under the heading Insurance for the Property as far as they apply to a condominium unit.

(d) **Right to Vote - Proxy.** You hereby assign to us and authorize us to exercise your rights under the Act to vote and to consent. If we do not exercise such rights, you may do so, but you will do so according to any instructions which we may give you from time to time. You also authorize us to inspect the corporation's records. Nothing done under this paragraph puts us in possession of the Property.

MATTERS RELATING TO INSURANCE FOR THE PROPERTY

28. **Insurance for the Property.**

(a) **Fire and Other Perils.** You will cause the Property to be insured by an insurer and under a policy or policies satisfactory to us to an amount of not less than the full insurable value of the buildings and improvements on the Property. The insurance must be against the perils and extended perils usually covered in fire insurance policies, including but not limited to loss or damage by explosion, tempest, tornado, cyclone, earthquake and lightning.

(b) **Boiler Insurance.** If there is a boiler or other pressured vessel or a sprinkler system in any building on the Property, the insurance to be obtained by you must cover loss or damage caused by the boiler or other pressured vessel and equipment operated with it or caused by the sprinkler system;

(c) **Owner's Liability Insurance.** You must have comprehensive liability insurance for personal and property damage and losses occurring on or in respect to the Property for an amount of at least $250,000 per occurrence or such amount as we may specify to you in writing;

(d) **Builder's All Risk.** During such time or times as there is construction of any buildings or other improvements on the Property, you will maintain or cause your contractor to maintain builder's all risk insurance with a stated amount clause for the improvements for full insurable value.

(e) **No Co-Insurance.** The insurance may not contain co-insurance requirements;

(f) **Proof of Insurance.** Each policy of insurance shall contain mortgage clauses and loss payee clauses in a form satisfactory to us. You must give us proof that you have obtained the insurance you are required to obtain and you must, at least 20 days before any insurance expires or is terminated, give us proof that you have arranged for such insurance to be renewed or replaced. If you fail in any way to comply with these obligations, we may (but we are not obliged to) obtain insurance on your behalf. If we think it is necessary, we can require you to cancel any existing insurance for the Property and provide other insurance which meets our approval;

(g) **Insurance Claims and Proceeds.** If loss or damage occurs, you will provide us with necessary proofs of claim and do everything else necessary to enable us to obtain payment of our interest in the insurance proceeds. You irrevocably appoint any of our Vice-Presidents or Region Managers (with power of substitution) as your authority to sign on your behalf any documents required or to endorse on your behalf any cheques issued by any insurer with respect to any policy of insurance with respect to all or any part of the Property. Insurance proceeds may, in whole or in part, exclusively at our option, be used to rebuild or repair damaged buildings or be used to reduce all or part of the amount secured by this Charge;

(h) **Further Assignment**. You assign as additional security for your obligations under this Charge all interest in or under any insurance of any kind affected with respect to the Property and the proceeds thereof, whether or not placed in accordance with the requirements of this Charge.

MATTERS RELATING TO THE PAYMENT OF PROPERTY TAX

29. **Account for Payment of Taxes**

(a) If we so require, you agree to pay to us on each payment date under the Charge or any amendment or renewal thereof, sums sufficient, as determined by us, to enable us to pay the whole amount of taxes on or before the due date for payment of taxes or, if taxes are payable in instalments, on or before the due date for payment of the first instalment;

(b) if you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you shall pay to us an appropriate amount in addition to the amount referred to in paragraph (a) above;

(c) if the taxes on the Property in any calendar year exceed our estimate, you will pay us the difference on demand;

(d) you agree to send to us immediately after you receive them interim and final tax bills and all other notices or communications relating to taxes as soon as you receive them;

(e) we do not have to hold any moneys which you send us under this paragraph in trust, nor pay interest on them, nor apply them to pay taxes more than once a year;

(f) should you default under any of your obligations in the mortgage, we do not have to use monies so received to pay taxes and we may, if we wish, apply such monies to any of your debts or liabilities to us; and

(g) before or on the Interest Adjustment Date, we may withhold from any advance under the Charge any amount we feel necessary to pay or to anticipate future payments of taxes.

MATTERS RELATING TO CONSTRUCTION, REPAIR AND ENVIRONMENTAL HAZARDS

30. **Repair, Vacancy and Maintenance of Property**.

You will maintain the Property in good order, condition and repair and will promptly make all necessary repairs, replacements, and improvements. You will not allow any part of the Property to become or remain vacant without our written consent You will not commit waste and will not remove, demolish or materially alter the Property or any part of it without our prior written consent. We may, whenever we feel it necessary, either by ourself or by our agent enter upon and inspect the Property and you shall pay the expenses associated with such inspection. If you, or anyone claiming under you, neglect to keep the Property in good condition and repair, or commit any act of waste on the Property, or do anything by which the value of the Property is diminished, as to all of which we shall be sole judge, we may (but we are not obliged to) enter the Property and effect such repairs or work as we consider necessary.

31. **Obligations Regarding Construction**.

You agree not to make or do any major construction, alteration or demolition to the Property without our consent. You must inform us in writing before it is started and the proposed project must be approved by us. You covenant with us that if you fail at any time for a period of 15 business days to diligently carry on the work of construction of, any building or buildings being or to be erected on the Property, or without our consent in writing, you depart in such construction from the project approved by us or from the generally accepted standards of construction in the locality of the Property, or you permit any construction or similar lien to be registered against the Property, we may at our option at any time, through our agents or contractors, enter the Property and have exclusive possession of the Property and of all materials, plant, gear and equipment on the Property, free of interference by you and complete construction of the building or buildings either according to your plans or according to such other plans, specifications or design as we in our discretion may choose. You shall pay all costs in connection with such construction.

32. **Obligations Regarding Hazardous Substances.**

(a) To the best of your knowledge and belief, after due inquiry and investigation, no part of the Property contains, has ever contained or will in the future, except as provided below, contain any hazardous substances. Hazardous substances refers to any solid, gaseous or liquid waste and substances or conditions that are prohibited or controlled or that are hazardous in fact or that are considered potentially hazardous;

(b) You agree that any activities or storage on any part of the Property that may involve such hazardous substances including storage of home heating oil and propane gas will only be undertaken after full disclosure to us and with our approval. Any such activities or storage will be in accordance with environmental laws and regulations. No use of any part of the Property will be allowed which may cause or increase the likelihood of the escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property or permit any policy of insurance in respect to the Property to be cancelled;

(c) You will promptly notify us as soon as you know of or suspect that there is any actual, threatened or potential escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property whether from your activities or storage or from those of another property owner or carrier or from any other source;

(d) You will promptly remove any hazardous substances that are or come onto the Property in any manner and from any source, other than those for activities and storage which we have permitted as provided above, and complete all remediation of the Property that may be required by reason of the presence of hazardous substances and that we may consider prudent, all in accordance with environmental laws and regulations;

(e) You agree to indemnify us with respect to any and all costs and liabilities we may incur for investigations, remediation and other matters related to hazardous substances that are or may be on or about or suspected to be on or about any part of the Property or nearby property;

(f) We may require that you obtain, or we may obtain, from time to time at your expense an environmental inspection or audit report on all or any part of the Property, which report shall be satisfactory to us;

(g) Any environmental audit or inspection report you may provide to us or we may obtain or any other investigation we may conduct or any remedial or other work we or someone on our behalf may perform or any storage or use of hazardous substances on the Property we may permit will not relieve you from your obligations hereunder;

(h) The representations, covenants, agreements and indemnity made in this section survive satisfaction and discharge of the Charge, sale of all or any part of the Property or extinguishment of the Charge if we or our nominee become owner of the Property by foreclosure or otherwise following default;

DEFAULT AND REMEDIES

33. **Your Right to Quiet Possession.**

Until default by you under this Charge, you shall have possession and receive the rents and benefits from the Property.

34. Events of Default.

You will be in default under this Charge upon the happening of any of the following events:

(a) if you default in the payment of any part of the Principal Amount, interest or any other amount secured by this Charge, when payment of such amount becomes due under the terms of this Charge or any renewal of the Charge;

(b) if you default in the observance or performance of any term or covenant which you have agreed with us to observe or perform under this Charge or elsewhere;

(c) if any information or statement you or the Guarantor have given or made before, at or after signing the Charge, in respect of the Property or your or the Guarantor's affairs is incorrect or untrue at the time given or made;

(d) if you cease or threaten to cease to carry on in a sound businesslike manner the business you or the Guarantor ordinarily conduct on or with respect to all or any part of the Property;

(e) if the Property is a condominium unit or units, a vote authorizes termination of the condominium or the sale of all or substantially all of the condominium corporation's assets or its common elements or the condominium corporation fails to insure the unit and common elements;

(f) if a petition in bankruptcy is filed against you, if you make a general assignment for the benefit of your creditors, if a receiver, interim receiver, monitor or similar person is placed or is threatened to be placed in control of or for overview of your affairs or Property, or in our opinion, you become insolvent;

(g) if a construction or similar lien is registered against the Property or if default occurs under any other lien, charge or other encumbrance existing against the Property;

(h) if you abandon or do not visibly and consistently occupy the Property; or

(i) if the Property or, in our opinion, a material part of the Property is expropriated.

35. Acceleration on Default.

If at any time you should be in default under this Charge, then the Principal Amount and interest and all amounts secured by this Charge shall, at our option, become due and payable immediately.

36. Compensation on Acceleration and After Maturity.

(a) If the balance declared due after the occurrence of an event of default under the Charge is paid prior to the Balance Due Date or the maturity date of the last renewal of the Charge, you agree to compensate us for prepayment by payment of an amount equal to three months interest at the interest rate as set out in the Charge or, if renewed, in the agreement for the last renewal of the Charge.

(b) **Payment After Maturity**. Where there is default after the Balance Due Date or maturity date of the last renewal of the Charge, you may pay the outstanding Principal Amount only upon payment of three months interest calculated on the outstanding Principal Amount or three months written notice in lieu thereof, and if you fail to pay on the date specified in such notice, then only on payment of such three months' interest.

(c) **Statements and Recovery of Amount**. You agree that the statements we issue of amounts calculated pursuant to subparagraph (a) and (b) shall, in the absence of obvious error, be conclusive. You further agree that we may recover amounts we determine due pursuant to this paragraph 36 from the proceeds of any sale of the Property or other proceedings for enforcement of the Charge.

37. **Remedies on Default.**

Upon the occurrence of any event of default, the Charge shall, at our sole option, be immediately enforceable (without thereby declaring the Principal Amount and other amounts secured by the Charge immediately due and payable unless we have in writing declared the same due and payable) and we may realize upon our security and enforce our rights (without notice to you except as specifically required by any term of this Charge or by any applicable statute) by the following remedies:

(a) **Possession**. We may enter into possession of the Property without any objection from you. Our liability for the time in possession of all or any part of the Property shall be limited to an accounting for monies actually received by us;

(b) **Lease**. We may lease all or any part of the Property with or without entering into possession of the Property;

(c) **Court Action**. We may take proceedings in any Court of competent jurisdiction for sale or foreclosure and for possession of all or any part of the Property and for payment of the monies due on the Charge;

(d) **Court Receiver**. We may take proceedings in any Court of competent jurisdiction for the appointment of a receiver (which term wherever used in this Charge includes a receiver and manager) of all or any part of the Property, and you hereby consent to a court order for such appointment;

(e) **Power of Sale**. We may with or without entering into possession sell all or any part of the Property pursuant to the power of sale in such manner as may to us seem best;

(f) **Receiver**. We may appoint in writing a receiver of the Property and of the rents and profits thereof and from time to time remove any such receiver and appoint another in its stead. The receiver shall for its acts and liabilities be your agent. The purpose of such appointment shall include the orderly management, administration, construction and repair and/or sale of all or any part of the Property;

(g) **Abandoned Personal Property**. Any equipment (which is not part of the Property) or furniture or household or personal belongings which remain on the Property for a period of more than five days after we take possession of the Property shall be deemed abandoned and we may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we see fit. Removal, storage and other costs may be added to the amount secured by this Charge;

(h) **Performance of Your Covenants**. If you fail to perform any covenant or condition under this Charge, we may (but we are not obliged to) ourselves perform or cause to be performed the same at your expense. If we pay any taxes, utility accounts, charges, liens or other encumbrances, we shall be entitled to all equities and securities of the person or persons so satisfied and we may retain any discharge or cessation of charge unregistered until we are paid. We may rely on any statement of account or statement of non-performance which we reasonably believe to be correct without any subsequent challenge of any kind as to the correctness thereof by you; and

(i) **Sale of Leasehold Property**. On any sale by us under the power of sale contained in the Charge, we may assign the lease, the leasehold interest in the Property and the reversion to the purchaser. We may at any time, by written appointment, remove the Chargor or any other person from being a trustee of the lease under the declaration of trust set out above and appoint a new trustee or trustees in their place.

We may exercise these rights and remedies from time to time separately or in combination and as often and in such manner as we see fit. They are in addition to and not in substitution for any other rights and remedies we may have at law, in equity or by statute, or under any other security or agreement with you.

38. **Matters Relating to the Sale of the Property.**

The following terms shall apply to any sale:

(a) We may sell the whole or any part or parts of the Property by public auction or private contract, or partly one or partly the other;

(b) The sale may be conducted immediately upon the expiration of any redemption or reinstatement period required by law or at any time thereafter and we may delay the sale for such period of time as we consider to be in our best interest;

(c) We may sell on such terms as to credit and otherwise as shall appear to us most advantageous and for such prices as can reasonably be obtained and may make any stipulations as to title or evidence or commencement of title or otherwise which we consider appropriate;

(d) In the case of a sale on credit we shall be bound to pay you or any other person with a claim thereto or apply on account of the Principal Amount only such monies as have been actually received from the purchasers from time to time. After the satisfaction of all our claims, we are not bound to pay any amount to you or any other person claiming entitlement thereto until all such agreements and assurances as we consider fit have been executed and delivered;

(e) We may buy in or rescind or vary any contract for the sale of the whole or any part of the Property and resell without being answerable for loss occasioned thereby;

(f) Any person may bid on, tender for or purchase the Property at the sale;

(g) Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper. No want of any required notice or publication shall invalidate any sale or lease under this Charge and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the power of sale shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given; any person prejudiced by an unauthorized, improper or irregular exercise of the power shall have his or her remedy against the person exercising the power in damages only;

(h) Notice as provided for in this Charge shall be given to you in such manner and form and within such time as provided by the mortgages, land titles or other acts, as amended, in the province where the Property is located. Unless otherwise required, you agree that notice may be given by mailing it in a registered letter addressed to you or your legal representative at the last address known to us and shall be effective as of the date of mailing;

(i) All provisions of this Charge relating to a sale of the Property following default, including, without limitation, the persons to whom notice of exercising the power of sale shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising any power of sale or other sale remedy. Wherever any such requirement may be waived or shortened, such requirement is hereby waived and shortened. Wherever there is a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of any law, the provisions of such law shall govern.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200535 Cote

FEES, COSTS AND EXPENSES

39. **Servicing Fees.**

You agree to pay to us servicing fees to cover our reasonable time and costs for administration of the Charge including without limitation, a fee or allowance for

(a) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled,

(b) preparing each assumption, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person,

(c) processing each application to obtain our consent to assume the mortgage or our approval or consent for any other matter required by the Charge whether or not approval or consent is provided or the matter is completed,

(d) processing each extension, renewal, restructuring or other amendment of the Charge or amounts secured by the Charge, whether or not completed,

(e) investigating status of any insurance, administering insurance cancellations and paying insurance premiums and dealing with insurance claims,

(f) investigating status of realty tax payments and administering tax payments,

(g) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches,

(h) registering electronically or otherwise or executing and delivering any discharge of this Charge (notwithstanding that the discharge may have been prepared by you or other person on your behalf),

(i) generally, any matter connected with the proper administration of the Charge and Property including inquiring into compliance, dealing with or enforcing any obligation contained in the Charge and including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, managing or selling the Property.

Our servicing fees shall be the amounts established, disclosed and generally applied by us from time to time and may be ascertained upon inquiry to us.

40. **Costs.**

You agree to pay us all amounts we expend and costs we incur in any manner in connection with this Charge including, without limitation, expenses in relation to:

(a) the making of the loan secured by this Charge and each amendment, extension or renewal thereof including preparation, execution and registration of the Charge and any other security, instrument and documents;

(b) collecting payments under and enforcing and realizing the security of this Charge;

(c) defending or otherwise dealing with any action or proceeding in which we by reason of the Charge may be a party or otherwise interested including without limitation any construction lien or similar matter, any foreclosure, sale, redemption, assessment or other action or proceeding by any other encumbrancer or any certificate of pending litigation or other title matter;

(d) performing or complying with any of your obligations under this Charge including, without restriction, those relating to insurance, condominium, repair and construction, leases, taxes, prior encumbrances and environmental matters.

All legal costs incurred by us in dealing with compliance with any term and in enforcement of the Charge shall be paid by you in full (including legal fees for court proceeding on a substantial indemnity basis).

41. **Interest and Security for Fees and Costs.**

All the above described fees and costs, allowances and expenses shall be secured by this Charge, shall bear interest at the Interest Rate from the date incurred or calculated by us and shall be payable by you forthwith on demand.

MISCELLANEOUS MATTERS

42. **Delay, Waiver and Release of Property.**

You agree that we may in our discretion at any time release any part or parts of the Property or any other security or any surety for the whole or any part of the Principal Amount, interest and other amounts secured by this Charge either with or without any sufficient consideration, without responsibility or liability to you and without releasing any other part of the Property or any person from this Charge or from any of the covenants and without being accountable to you for the value of such released Property, securities or surety, or for any money except that actually received by us.

We may delay in enforcing any of our rights under this Charge or the obligations secured or any agreement evidencing or securing the obligations secured without losing or impairing those rights. We can waive breach of your obligations under this Charge or under any related security or agreement without losing our rights in respect of any other breach of your obligations.

43. **Charge not a Substitute for any other Security.**

You agree that this Charge shall not create any merger, rebate or discharge of any debt owing to us or of any lien, bond, note, instrument or other security now or subsequently held by us, whether from you or from any other party or parties and this Charge shall not in any way affect any security which may now or subsequently be held by us for the whole or any part of the Principal Amount, interest and other amounts from time to time secured by this Charge or the liability of any other person upon any such lien, bond, note, instrument or other security or contract or any renewal or renewals of the same held by us for or on account of the Principal Amount, interest and other amounts from time to time secured by this Charge or any portion thereof, nor shall our remedies be affected in any manner.

44. **Judgments.**

If we obtain a court judgment against you for your failure to pay all or any part of the Principal Amount, interest and other amounts secured by this Charge or to perform any of your obligations to us under this Charge, the judgment will not result in a merger of any of your obligations under this Charge with the judgment or take away any of our other rights to enforce this Charge. We will continue to be entitled to receive interest on the Principal Amount, interest and the other amounts secured by this Charge at the Interest Rate, calculated and payable in the agreed way, and the judgment may so provide.

45. **Interpretation and Headings.**

Wherever in this Charge the singular or masculine is used, the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties so require. The headings do not form part of this document and have been inserted for convenience of reference only. This Charge shall be interpreted, enforced and governed by the laws of the Province of Ontario. If any provision of this Charge shall be prohibited by or invalid under applicable law, such provision shall not invalidate the remaining provisions of this Charge. Nothing contained in this Charge shall require you to pay or for us to accept interest in an amount greater than that allowed by applicable law.

46. **Joint Signatures.**

If more than one person makes this Charge, each person who makes it is jointly and severally bound to comply with all obligations of the Chargor under this Charge.

47. **Demands and Notices.**

Unless otherwise provided in this Charge or prohibited by law, where this Charge allows or requires us to make a demand on or give a notice to you or any other person, we may make the demand or give the notice by delivering it addressed to you or other person at the Property or you or the other person's last known address or by mailing it by prepaid registered mail addressed to you or the other person at the Property or last known address or by sending it by telefacsimile (fax) to you or the other person's last known number and, where the person is a corporation, by so delivering or sending it to the last known address or number of a director, officer, employee or attorney of the corporation.

A notice or demand so delivered will be regarded as given or made when it is so delivered. A notice or demand so mailed will be regarded as given or made on the day after it is mailed and a notice so sent by telefacsimile on the day sent, in each case whether the person actually receives it or not, and if the day of receipt is not a day we and lenders generally are open for business, then the next business day. The foregoing does not include a Notice of Sale under Mortgage which if sent by registered mail, shall be deemed served the day of mailing.

We may also give a notice or demand to you or a Guarantor by electronic message through the Internet (e-mail) to the e-mail address you or the Guarantor give to us or by which you or the Guarantor communicate to us. A demand or notice so delivered shall be deemed received eight (8) hours after transmission by us, regardless of whether actually received or opened by you or the Guarantor.

GUARANTEE

48. **Guarantee.**

Each person signing or joining in the Charge as a Guarantor agrees in consideration of our making the loan to you, as follows:

(a) The Guarantor, with you, as principal debtor and not as surety will duly pay or cause to be paid all amounts payable under this Charge on the days and times and in the manner provided for payment of the same;

(b) The Guarantor unconditionally guarantees full performance and discharge of all your obligations under the provisions of this Charge at the times and in the manner provided in this Charge;

(c) The Guarantor indemnifies and saves us harmless from and against all losses, damages, costs and expenses which we may sustain, or incur or be or become liable for by reason of:

    (i) the failure for any reason whatsoever by you to pay the amounts payable under this Charge or to do and perform any other act, matter or thing required by the provisions of this Charge; or

    (ii) any act, action or proceeding, of or by us, for, or in connection with, the recovery of the amounts payable under this Charge by you, or enforcing the performance by you or any other person liable under this Charge of any act, matter or thing required by the provision of this Charge;

(d) We shall not be obliged to proceed against you or any other person liable under this Charge or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under this Charge or the enforcement of any security for any such debt or obligation;

(e) We may, without notice to and the consent or approval of the Guarantor, grant extensions of time for payment, make renewals, increase, vary and amend the Interest Rate, the Principal Amount and other terms of the Charge and the indebtedness secured by the Charge, release the whole or any part of the Property or other security from this Charge, or otherwise deal with you, any of the indebtedness secured by this Charge or the Property or other security as we see fit without releasing or lessening the liability of the Guarantor;

(f) The Guarantor agrees to be bound by each such renewal, variation and amendment of any terms of the Charge we make with you and each reference to the Charge in this Guarantee paragraph shall mean the Charge as so renewed and amended from time to time, regardless of whether made with or without the knowledge, consent or approval of the Guarantor;

(g) No delay or carelessness or neglect by us in asserting any of our rights, nor the loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of all or any part of this Charge or any other security held for or any document evidencing any part of the indebtedness or liability secured by the Charge will in any way release or lessen the liability of the Guarantor;

(h) The Guarantor has read this Charge and is fully aware of and agrees with its terms and in particular, the terms of this Guarantee;

(i) Where there is more than one Guarantor, each Guarantor is jointly and severally responsible under this guarantee with the other Guarantor(s) and you;

(j) We may serve notice on the Guarantor and any notice to the Guarantor shall be deemed received in the same manner as provided for notice to you in this Charge.

ASSIGNMENT OF RENTS

49. Assignment of Rents.

This section applies if any part of the Property is not occupied by you and your family as your primary principal residence:

(a) You assign to us all rents payable from time to time under all leases or agreements for use of any part of the Property, now existing or made in the future, together with the benefit of all guarantees and indemnities contained in those leases and agreements;

(b) On our request, you will immediately provide copies of all leases and agreements related to use of any part of the Property and provide us with all information regarding rents and other accounts;

(c) After occurrence of any event of default, we are entitled to collect all rents and other amounts due under all leases or agreements regarding the Property. You hereby irrevocably authorize the tenants and occupants to pay the rents to us after our written demand is delivered without determination by the tenants or occupants whether default has in fact occurred;

(d) Nothing contained in this Charge or assignment of rents shall make us responsible for collection of rents payable under any lease or for the performance of any of the landlord's obligations contained in any lease or agreement and the exercise of any of our rights under this assignment shall not deem us a mortgagee in possession of the Property;

(e) We shall be liable to account only for such rents as are actually received (less reasonable collection charges) and may apply rents received to the payment of such part of your obligations under the Charge as we shall determine.

DATED the 8th day of November, 2005.

ACCREDITED HOME LENDERS CANADA, INC.
by its solicitors
Gowling Lafleur Henderson LLP
Per:

Harry R. VanderLugt

FILED: , 2005

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200535 Cote

CLAUSES TYPES DE CHARGE
Filing No. 200536 Cote
Filing Date 24th Nov. 2005 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by Community First Credit Union Limited

Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every Charge in which this set is referred to by its filing number and as provided in Section 9 of the Land Registration Reform Act, R.S.O. 1990, C.L. 4, as amended (the "Act")

STATUTORY COVENANTS EXCLUDED

1. The Covenants deemed to be included in the Charge under Sub-Section 7(1), Clauses 1 and 2 of the Land Registration Reform Act, are hereby expressly excluded and replaced by the following Covenants.

COVENANTS IN LIEU OF STATUTORY COVENANTS

2. The Chargor hereby Covenants, promises and agrees to and with the Chargee as follows:

(i) **Authority to Charge the Lands and Premises**

That the Chargor now has good right, full power and lawful and absolute authority to charge the Lands and to give the Charge to the Chargee upon the Covenants contained in the Charge.

(ii) **No Act to Encumber**

That the Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected, or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

(iii) **Good Title in Fee Simple**

That the Chargor, at the time of the execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the Lands and the premises described in the Charge and in every part and parcel thereof, without any manner of trusts, reservations, limitations, provisoes, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

(iv) **Lands and Buildings Not Contaminated**

That the Buildings on the Lands are not insulated with urea formaldehyde foam and do not contain asbestos building materials, polychlorinated biphenyls, radioactive substances or other Hazardous Materials; no Hazardous Materials have been released into the natural environment from or through the Lands; to the best of the Chargor's knowledge, information and belief, after conducting all reasonable inquiries, no Hazardous Materials have been released into the natural environment from properties adjoining the Lands or from properties located within the immediate vicinity of the Lands, except as expressly permitted, licensed or authorized by Government Authority; the Lands have never been used as a land-fill or waste disposal site; no Hazardous Materials are or have ever been stored on or under the Lands; to the best of the Chargor's knowledge, information and belief, after having conducted all reasonable inquiries, no Hazardous Materials are or have ever been stored on or under properties adjoining the Lands or on or under properties within the immediate vicinity of the Lands; the condition of the soil on the Lands is such that it will not prevent or restrict future development of the Lands for commercial purposes.

"Hazardous Material" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environment, health and/or safety matters.

(v) **Promise to Pay and Perform**

That the Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations contained in the Charge. That the Chargor will comply with all orders issued by regulatory authorities and all environmental laws, regulations, and ordinances. That the Chargor will pay, as they fall due, all taxes, rates, assessments, and penalties, whether municipal, local, parliamentary, judicial, or administrative, which now or may hereafter be imposed, charged or levied upon the Lands or against the Chargor, and when required, produce for the Chargee receipts evidencing payment of the same.

The Chargee shall have the right from time to time to estimate the amount of taxes on the charged Lands and premises for each year and to require the Chargor to pay in each month a specified portion of such estimated amount in addition to the monthly instalments stipulated in this

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addition to the monthly instalments herein mentioned (if any) such specified portion of the said taxes with each of the twelve succeeding monthly instalments herein mentioned next falling due, and the Chargor shall also pay to the Chargee on demand the amount, if any by which the actual taxes exceed such estimated amount. If the principal and interest are repayable on demand only, this amount on account of taxes shall be paid to the Chargee in each month on a day designated by the Chargee. If, before any amount on account of taxes so paid to the Chargee shall have been applied against taxes, there shall be arrears in the payment of principal and/or interest due and payable under this Charge, the Chargee may apply such amount paid on account of taxes instead towards payment of the arrears of principal and/or interest. The Chargee is not obligated to pay interest to the Chargor on amounts paid to the Chargee on account of taxes for the period of time immediately preceding the date the amounts are applied against taxes.

If the payment provisions in this Charge require the Chargor to make payments of principal and interest monthly, the Chargor and the Chargee may from time to time agree that payments of principal and interest (and any amount on account of taxes, if applicable) shall be made more frequently than monthly, in which case the Chargor shall comply with the terms of any such agreement instead of the payment provisions prescribed in this Charge.

If this Charge contains an interest adjustment date, the Chargor further covenants to pay, on such date, interest at the rate set forth in the Charge and all money advanced by the Chargee to the Chargor under the Charge, prior to such interest adjustment date.

(vi) **Obligation to Insure**

That the Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings and the land to the amount of not less than their full insurable value in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the Lands, and such insurance shall include not only insurance against loss or damage by fire, but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least three (3) days before the expiration thereof; otherwise, the Chargee may provide therefor and charge the premium paid and interest thereon, at the rate provided for in the Charge, to the Chargor and the same shall be payable forthwith and shall also be a Charge upon the Lands. It is further agreed that the Chargee may, at any time, require any insurance of the buildings to be cancelled and new insurance effected by a company to be named by the Chargee, and also of his own accord, may effect or maintain any insurance herein provided for in the Charge and the cost of effecting or maintaining same shall also be a Charge upon the Lands. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

(vii) **Obligation to Repair and to Remediate Environmental Contamination**

That the Chargor will keep the Lands and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent, enter upon and inspect the Lands and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to the Charge.

That in the event that, for any reason whatsoever, the representations and covenants contained in subsections 2(iv) and 2(viii) (a) (ii) regarding the Lands are not true or are breached or shall become untrue or breached any time after the registration of this Charge, then the Chargor shall forthwith conduct appropriate removal/remedial action and such removal/remedial action shall be pre-approved by the Chargee, acting reasonably. The Chargor shall conduct such appropriate environmental assessments as the Chargee may reasonably require in its discretion in order to give its approval. If the Chargor fails to conduct such assessments and/or to take appropriate remedial action, the Chargor hereby permits the Chargee to enter upon the Lands to conduct the assessments and/or effect the remedial action, and the reasonable cost of such assessments and/or remediation shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims subsequent to the Charge.

(viii) **Alterations**

(a) That the Chargor will not

(i) Permit waste to be committed or suffered on the charged premises;

(ii) Discharge or permit the discharge into the natural environment of the charged premises and/or neighbouring lands of any contaminant in an amount, concentration or level in excess of that prescribed by the regulations under the Environmental Protection Act of Ontario, or any similar or successor legislation, or if the contaminant is likely to cause an adverse effect; and

(iii) Suffer or permit any change in the general nature of the occupancy of the charged premises.

(b) That it will not remove or destroy any of the buildings, plant, machinery and equipment comprised in the improvements other than as herein otherwise provided; provided that nothing herein shall prevent the removal of any such property from one part of the charged premises to another or the temporary removal of any such property for purposes of repair, and provided further that the Chargor may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out, unserviceable or unnecessary for use in the conduct of any business conducted on the premises if such plant, machinery or equipment is replaced by plant, machinery and equipment of at least equal value or if the value of such plant, machinery or equipment so dealt with in one transaction and not so replaced does not exceed $5,000; provided that such removal or other disposition does not impair the successful operation of the charged premises;

(c) That the Chargor will not make or permit to be made any alterations, additions to, or subtractions from the charged premises without the consent of the Chargee in writing, which consent shall not be unreasonably withheld.

(d) That the Chargor, if the purpose of the Charge is to finance an improvement to the lands and/or buildings, will make the improvement only in accordance with plans and specifications previously approved by the Chargee and complete the improvements as quickly as possible.

(ix) **Obligation to Notify Chargee of Changes**

That the Chargor will forthwith provide the Chargee with full particulars of any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, and (b) qualification of the said Lands as a matrimonial home within the meaning of the Family Law Act, as amended, the intention being that the Chargee shall be kept fully informed of the names and addresses of any spouse who is not an owner but who has a right of possession in the said Lands by virtue of the said Act. In furtherance of such intention, the Chargor agrees to furnish the Chargee with such evidence in connection with either of (a) and (b) above as the Chargee may, from time to time, request.

(x) **Membership in Community First Credit Union Limited**

That during the currency of this Charge the Chargor will maintain at all times his status as a member in good standing of Community First Credit Union Limited in accordance with its by-laws and resolutions.

(xi) **Obligation to Maintain an Account out of which Payments can be drawn**

That, if regular payments of principal and interest (and taxes, if applicable) are required by the provisions of this Charge, the Chargor will maintain, with a branch of Community First Credit Union Limited, an account of a type satisfactory to the Chargee, and complete an authorization, in a form approved by the Chargee, whereby such account is automatically debited by an amount equal to each payment of principal and interest (and taxes, if applicable), when each payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account, then any such action or omission shall constitute a default under this Charge. The Chargor agrees to pay to the Chargee its current administration and processing fees for breaches of this covenant.

(xii) **Prohibition Against Subsequent Encumbrances**

That the Chargor will ensure that the Lands will remain free and clear of all encumbrances, liens, mortgages, charges, Personal Property Security interests and financing agreements subordinate to the Chargee's interest throughout the term of this Charge and any renewal or renewals thereof, except those approved in writing.

(xiii) **Casualty, Legal or Environmental Claim**

That the Chargor will give immediate notice in writing to the Chargee of any damage caused by fire or any other casualty to, or legal claim against, the said Lands.

That the Chargor will give immediate notice in writing to the Chargee of the receipt of material governmental or third party notices of violation, claims, suits, orders, or permit or approval revocations relating to environmental risks, and of any discharges or spills on or emanating from said Lands within the meaning of the Environmental Protection Act of Ontario, or any similar or successor legislation.

(xiv) **Ontario New Home Warranties Plan Act**

That if the land and buildings are subject to the requirements of the Ontario New Home Warranties Plan Act of Ontario, or any similar successor legislation, the Chargor will comply with such requirements and reimburse the Chargee for any costs which it may incur in effecting compliance or enforcing the Chargor's rights on its behalf if it fails to do so.

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CHARGEE'S RIGHT TO ACCELERATE PAYMENT OF PRINCIPAL AND INTEREST

3. In the event of:

(i) The Chargor selling, conveying, transferring or leasing, or entering into any agreement to complete the same, of the title to any interest in the Lands hereby charged to a purchaser, grantee, transferee, or lessee not approved in writing by the Chargee;

(ii) The failure of such a purchaser, grantee, transferee or lessee to:

- (a) Apply for and receive the Chargee's written approval as aforesaid;
- (b) Personally assume all the obligations of the Chargor under this Charge; and
- (c) Execute an Assumption Agreement in the form required by the Chargee;

(iii) The death or total permanent disability of the Chargor;

(iv) The insolvency of the Chargor or any Guarantor;

(v) The expiration of three (3) months following the Chargor's withdrawal or expulsion from membership in Community First Credit Union Limited;

(vi) The winding up or dissolution of the Chargor or any Guarantor (if applicable); or

(vii) The Chargor neglecting to keep the buildings, erections and improvements in good condition and repair, or permitting any act of waste in the land (as to which the Chargee shall be sole judge), or making default as to any of the covenants, provisoes, agreements or conditions contained in the Charge or in any Charge to which this Charge is subject;

All monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest, as in the case of payment before maturity, the power of entering upon and leasing or selling the Lands and Premises hereby given and all the remedies herein contained may be exercised forthwith. The exercise of the said option by the Chargee shall not be valid unless expressed in writing and signed by an employee of the Chargee.

CHARGEE'S RIGHTS ON DEFAULT

4.

(i) Interest After Default

In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within three months from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time, and all such interest and compound interest shall be a Charge upon the land.

(ii) Right to Distrain

If the Chargor shall make default in payment of any part of the interest payable under the Charge, at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expense attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

(iii) Waiver of Default

The Chargor agrees that the Chargee may, in writing, at any time or times after default, waive such default and upon such waiver the time or times for payment of said principal amount shall be as set out in this Charge, and further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(iv) Extensions, Renewals and Variations in Terms Not to Prejudice

Unless the Chargee agrees in writing to the contrary, the obligations hereunder of the original Chargor and the Guarantors shall survive the granting by the Chargee to the original Chargor or anyone claiming under him, including subsequent owners of the lands or of any part thereof, of any extension of time or renewal or variation in terms in respect of the Charge (whether by informal arrangement or by way of a formal Extension, Renewal, or Amending Agreement signed by the Chargor, or subsequent owner, as the case may be). The Charge may be Renewed, Extended or Amended by an Agreement in writing, prior to, at, or after maturity for any term, with or without an increased rate of interest, between the Chargee and the original Chargor, or subsequent owner, as the case may be, with or without notice to, or the concurrence of, the Guarantors, if any, or any subsequent encumbrancers, and/or the original Chargor in the case of an Agreement with a subsequent owner. A Renewal or Extension of this Charge shall be deemed to not create a new Charge, but rather is an extension of this Charge, notwithstanding that a Renewal or Extension Agreement may amend the effective date of this Charge. It shall not be necessary to register any such Agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall infer any right of renewal upon the Chargor.

(v) **Entry on Default**

From and after default shall happen to be made of or in the payment of the principal amount, or the interest payable thereon, or any part of either thereof, as provided in this Charge, of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations contained herein contrary to the true intent and meaning of this Charge, then and in every case it shall and may be lawful to and for the said Chargee to peaceably and quietly enter into, have, hold, use, occupy, possess, and enjoy the lands hereby charged free and clear and freely and clearly acquitted, exonerated and discharged of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances, and of and from all manner of other charges or encumbrances whatsoever without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whatsoever.

If the default includes a breach by the Chargor of his covenant to complete an improvement in accordance with the plans and specifications previously approved by the Chargee, the Chargee may, at its discretion, complete the improvement, subject to such reasonable changes in plans and specifications as a prudent owner would make under the circumstances.

(vi) **Power of Sale**

The Chargee, on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Lands or sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands, if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in a county or district in which the land is situate; and such notice shall be sufficient, although not addressed to any person or persons by name or designations; and notwithstanding that any person could be affected thereby may be unknown, unascertained, or under disability. Provided further, that in case default be made in a payment of the principal amount or interest or any part thereof, and such default continues for two months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling, or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form, within such time as so required by law. It is hereby further agreed that the whole or any part of parts of the Lands may be sold by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving in accordance with the terms of this Charge, and inspecting the Lands or by reason of non-payment or procuring the payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid, same shall be paid to the Chargor, or as he may direct. The costs, charges, and expenses referred to above shall include, but not be limited to, reasonable administration fees charged by the Chargee to the Chargor for the labour of employees expended in managing and inspecting the Lands and premises on behalf of the Chargee in its capacity as chargee in possession. The Chargee may sell any of the Lands, on such terms as to credit and otherwise as shall appear to him most advantageous, and for such prices as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contracts for the sale of the whole or any part of the Lands, and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers, after the satisfaction of the claim to the Chargee, and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see the propriety or regularity of any sale or lease, or be affected by express notice that any sale or lease is improper, and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(vii) **Further Assurances**

From and after default in the payment of the principal amounts secured by the Charge, or the interest thereon, or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then, and in every such case, the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Lands shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer and execute, or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Lands unto the Chargee, as by the Chargee or his solicitor, shall or may be lawfully and reasonably devised, advised or required.

ADDITIONAL TERMS AND CONDITIONS

(i) **Costs Added to Principal**

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges, which shall from time to time fall due and be unpaid in

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respect of the Lands, and that such payments together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving the Lands and premises in accordance with the terms of this Charge, and inspecting the Lands and of negotiating the charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in selling or leasing the Lands or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien upon the land, which payments with interest at the rate provided for in the Charge, shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee, as aforesaid, shall be added to the principal amount secured by the Charge and shall be payable forthwith, with interest, at the rate provided for in the Charge.

(ii) **Partial Releases**

The Chargee may, at his discretion, at all times, release any part or parts of the Lands or any other security or any surety for the money secured under the Charge, either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from the Charge or from any of the covenants contained in the Charge, and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the Lands is or may hereafter be divided, does and shall stand charged for the whole monies secured under the Charge, and no person shall have the right to require the mortgage monies to be apportioned.

(iii) **Discharge**

Upon repayment in full of the monies secured hereby, all accrued interest and charges, and any bonus, if applicable, the Chargee shall sign a cessation of this Charge or, if requested by the Chargor, a transfer of the Charge, and send it to the Chargor within a reasonable time. The Chargor shall pay to the Chargee its usual administrative fee for preparing and signing the Cessation of Charge or Transfer of Charge, whether the Cessation or Transfer is prepared by the Chargee or by the Chargor or his solicitor. The Chargor is solely responsible for registering the Cessation or Transfer on title, at his own expense.

(iv) **Other Security**

This Charge is, in addition to and not in substitution for, any other security held by the Chargee for all or any part of the monies secured hereby. It is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively, at its option, in the event of default. Any judgment or recovery thereunder or hereunder shall not affect the right of the Chargee to realize upon this or any other security.

(v) **No Right of Prepayment**

This Charge is closed in that the Chargor shall have no right to prepay any part or parts of the monies secured hereby, at any time or times, prior to the date of maturity, provided however, that the Chargee may, in its sole discretion,

(a) Apply towards payment of the monies secured hereby, any monies received by it under any policy of group insurance carried by it on the lives of its borrowing members; and

(b) Calculate interest on a daily basis on the unpaid balance remaining outstanding, on the last previous payment date stipulated herein, and shall then apply said payment received first, in payment of interest so calculated to be due, and the balance, to be applied in reduction of the principal sum, upon receiving a payment from the Chargor, on any date or dates, other than the dates stipulated herein.

(vi) **Non-Merger of Covenants**

The taking of a judgment or judgments on any of the covenants herein, shall not operate as a merger of the covenants, or affect the Chargee's right to interest, at the rate and times provided for in the Charge; and further that any judgment shall provide that interest shall thereon be computed, at the same rate and in the same manner as provided in the Charge, until the judgment shall have been fully paid and satisfied.

(vii) **Date of Charge**

If this Charge contains an interest adjustment date, the date of this Charge shall be deemed to be the interest adjustment date stated in the Charge, notwithstanding that the Charge may have been executed on an earlier date. If this Charge does not contain an interest adjustment date, the date of this Charge shall be deemed to be the date of signature thereof by the first named Chargor.

(viii) **Recovery of Fees**

The Chargor agrees to pay to the Chargee, when due, the Chargee's then current administration and processing fees in connection with the preparation of any Mortgage Statement for Assumption purposes, Amending or other Agreements, statements for information purposes, any fees referred to in Paragraph 4(VI), charges for cheques relating to this Charge where payment has been refused due to insufficient funds or for any other reason and generally any fees in connection with the proper administration of this Charge. Any such fees and charges, if unpaid, shall be added to the principal outstanding pursuant to this Charge, and shall bear interest at the rate required by this Charge. The amount of any such fees or charges in effect at any particular time is available from any branch of Community First Credit Union Limited, upon request.

CONDOMINIUM

6. If the charged Lands is a condominium unit and its appurtenant interest in the common areas, pursuant to the Condominium Act of Ontario, the following provisions shall form part of this Charge:

The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an Owner of the Lands, to vote or consent in all matters relating to the affairs of the Condominium Corporation named in the Charge, provided that:

(i) The Chargor shall be entitled to exercise the right to vote or consent, unless the Chargee gives notice of its intention to exercise such rights. Any such notice may be for an indeterminate period of time, or for a limited period of time, or for a specific meeting or matter.

(ii) The Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.

GUARANTEE CLAUSE

7. IN CONSIDERATION of the making, by the Chargee to the Chargor, the loan hereby secured, the Guarantors who have duly executed page one of this Charge:

(i) Agree to be jointly and severally liable with the Chargor, for the due payment of all monies payable hereunder, at the times and in the manner herein provided;

(ii) Unconditionally guarantee full performance and discharge by the Chargor of all of his obligations pursuant to the provisions hereof, at the times and in the manner herein provided; notwithstanding that the obligations of the Chargor hereunder may be void or unenforceable at law or in equity or pursuant to statute.

(iii) Agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or become liable for, by reason of:

- (a) The failure, for any reason whatsoever, of the Chargor to pay the money expressed to be payable pursuant to the provisions of this Charge;
- (b) The failure, for any reason whatsoever, of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of this Charge;
- (c) Any act, action, or proceeding of or by the Chargee, for or in connection with the recovery of the said monies, or the obtaining of performance by the Chargor or any other act, matter or thing pursuant to the provisions of this Charge;

(iv) Agree that the Chargee may at any time, and from time to time, and without notice to the Guarantors, or any consent or concurrence by them, make any settlement, extension, renewal or variation in terms of the said Charge (whether by informal arrangement or by way of a formal Extension, Renewal or Amending Agreement signed by the original Chargor or a subsequent owner prior to, at or after maturity) or take surrender any security, and that no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights, nor any other thing of the foregoing, loss by operation of law of any right of the Chargee against the Chargor, nor the loss or destruction of any security, shall in any way release or diminish the liability of the Guarantors hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid, and

(v) Agree that the Chargee shall not be obliged to proceed against the Chargor, or to enforce or exhaust any security before proceeding to enforce its obligations herein set out, and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor, or the enforcement of any security for any such debt or obligation.

INTERPRETATION

It is hereby agreed, that in construing this Charge, the words "Chargor", "Chargee" and "Guarantors", and the personal pronouns "he", "his", "him", "they" or "them" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors", and "he", "she", "it" or "they", "his", "her", "its" or "their" and "him", "her", "it" or "them" respectively, as the number and gender of the party or parties referred to in each case require, and the number and the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. Furthermore, all rights, advantages, privileges, immunities, powers and things hereby secured to the "Chargor" or "Chargors", "Chargee" or "Chargees", shall be equally secured to and exercisable by his, her its or their heirs, executors, administrators and assigns or successors and assigns, as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors" shall be equally binding upon his, her, its or their heirs, executors, administrators and assigns, or successors and assigns as the case may be; and all such covenants, liabilities and obligations shall be made by the Chargors or Guarantors jointly and severally, unless the Charge specifies otherwise.

DEFINED TERMS

9.

It is hereby further agreed that all words appearing in this Charge that are defined in Section 1 of the Act, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Act.

ACKNOWLEDGEMENT OF RECEIPT

I/We, the undersigned, hereby acknowledge receipt of a copy of these Standard Charge Terms, this day of ________________________________.

________________________________ ________________________________

DATED this 14th day of November, 2005.

Community First Credit Union Limited
by their solicitors, Tanner & Guiney Associates

Per: ________________________________
Geoffrey F. Cauchi

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200536 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200537 Cote
Filing Date 24th NOV. 2005 Date de Dépôt
Page 1 of/de 20 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

STANDARD CHARGE TERMS
THE TORONTO-DOMINION BANK

Land Registration Reform Act

The following set of Standard Charge Terms will be deemed to be included in every *Mortgage* in which this set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act*.

While these Standard Charge Terms use common words, some words have a precise, particular meaning. These words are italicized. Definitions of the italicized words that are used in these Standard Charge Terms may be found in Article 7. All other words have their ordinary meanings.

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ARTICLE 1
CHARGE AND PROMISES

1.01 You Give your Property as Security.

In return for the *Bank* agreeing to loan money to *you* or to loan money to someone else when *you* guarantee payment, *you* agree as follows:

(a) if *you* are the owner of the *Property*, *you* charge *your* entire interest in the *Property* to the *Bank*;

(b) if the *Property* includes *Leased Property you* charge the *Leased Property* to the *Bank* as security as set out in Section 4.02;

(c) the *Mortgage* is given to secure repayment of all existing and future advances, loans or lines of credit from the *Bank* to *you*, to secure any existing and future guarantees that *you* provide to the *Bank* and to secure *your* performance of all of the *Obligations*.

1.02 Your Promises to the Bank.

You promise and confirm that:

(a) *you* will pay all of the *Debt* to the *Bank* and perform all of the other *Obligations* as provided in the *Mortgage* and the *Credit Documents*;

(b) *you* are the lawful owner of the *Property* (unless the *Property* is *Leased Property*) and no other person owns all or part of the *Property*;

(c) *you* have the right to give the *Mortgage* to the *Bank* and charge the *Property* in favour of the *Bank*;

(d) if *you* do not pay the *Debt* to the *Bank* or perform *your* other *Obligations* as provided in the *Mortgage* and the *Credit Documents*, the *Bank* may, at its discretion, take possession of the *Property* free from any interference by *you* or anyone else living on the *Property* and free from any interests, encumbrances, limitations or restrictions other than those that the *Bank* has *Approved*;

(e) there are no limitations or restrictions to *your* title to the *Property* except those *you* have disclosed to the *Bank* in writing and the *Bank* has *Approved*;

(f) *you* will, at *your* expense, sign any other documents and take any further action that the *Bank* requests in order to ensure that *your* entire interest in the *Property* has been charged to the *Bank* and that the *Debt* is adequately secured by the *Property* and the *Mortgage*; and

(g) if the *Mortgage* is not a first mortgage on the *Property*, *you* agree not to increase the principal amount owing under any prior mortgage or to re-borrow any amount repaid under a prior mortgage without the *Approval* of the *Bank*. The *Bank* may withhold its *Approval* for any reason. *You* promise not to default under any prior mortgage. *You* consent to the *Bank* giving notice to the holder of the other mortgage of the existence of this *Mortgage* and of all of the terms of this *Mortgage* and the *Credit Documents*.

ARTICLE 2
GENERAL PROVISIONS

2.01 Changes to Debt.

At *your* request and if the *Bank Approves*, the *Mortgage* will secure any future loans, lines of credit and advances to *you* in which the balance owing by *you* may increase or decrease from time to time and which may for periods of time have nothing owing. These future loans, lines of credit and advances will be secured by the *Mortgage* only if the *Credit Documents* indicate that they are to be secured by the *Property*. The *Mortgage* will continue to secure all of the *Debt* and *you* will continue to be liable for all of the *Debt* even if one or more of the following occurs:

(a) the *Bank* advances additional money secured by the *Mortgage* or readvances money that *you* have repaid under the *Mortgage*;

(b) the amount of the *Debt* increases or decreases, or if the *Debt* is reduced to zero and then increases;

(c) the documents that evidence the *Debt* change, or are replaced; for example if some *Credit Documents* are replaced by others – even if the new *Credit Documents* given by *you* have additional persons or fewer persons promising to pay the amount owing;

(d) the *Bank* increases or reduces the monetary amount of any credit available to *you*;

(e) the form of the *Debt* changes in any way or the *Mortgage* secures additional *Debt*;

(f) the *Mortgage* secures more than one type of loan, line of credit or other indebtedness contained in the *Credit Documents*; or

(g) the terms applicable to the *Debt* are changed, for example if the *Interest Rate* changes or if the *Debt* or a portion of the *Debt* is renewed or extended.

2.02 Application of Payments.

If *you* are in default under any of *your Obligations*, the *Bank* may apply any payments made by *you* to any one or more loan, line of credit or other indebtedness contained in the *Credit Documents* as the *Bank* may decide in its discretion.

2.03 Place of Payment.

You agree to repay the *Debt* to the *Bank* at its head office in Toronto, Ontario or any other place *Approved* by the *Bank*.

2.04 Time of Payment.

Any payment that is due on a day that is not a *Business Day* must be made on the *Business Day* immediately preceding the due date. The *Bank* will consider payments received after 2:00 p.m. (Eastern Standard Time or Eastern Daylight Time, as applicable) to have been made on the next *Business Day*.

2.05 Failure to Pay or Perform Obligations.

If *you* fail to pay any part of the *Debt* when it is due or if *you* do not perform any of *your Obligations* when required, then, at the *Bank*'s option, all of the *Debt* will immediately become payable. If *you* default under any prior mortgage (as mentioned in Section 1.02(g)), that default will be a default under the *Mortgage*.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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2.06 Costs.

All *Costs* incurred by the *Bank* will be immediately payable by *you*, bear *Interest* at the highest *Interest Rate* and form part of the *Debt*. See Article 7 for the definition of *Costs*.

2.07 Deductions from Advances.

The *Bank* may deduct from any advance under the *Mortgage*:

(a) any *Taxes* that are due;

(b) all legal fees and disbursements (and applicable taxes) for preparing and registering the *Mortgage*; and

(c) any *Costs* relating to the *Approval*, preparation or registration of the *Mortgage* or the *Credit Documents* (including fees for mortgage insurance and title insurance).

2.08 Advances under the Mortgage.

The *Bank* may decide, for any reason, that it will not advance all or any part of the *Principal Amount* even if the *Mortgage* has been registered and whether or not any part of the *Principal Amount* has previously been advanced to *you*. Even though the *Bank* has not advanced any money, the *Mortgage* will still secure *Costs*.

2.09 Repayment.

(a) *You* will pay the *Debt* to the *Bank* on demand.

(b) *You* will pay *Interest* to the *Bank* on the *Debt* at the interest rate and on the terms set out in the *Credit Documents*.

(c) If any payment is late, *you* will pay the *Bank* additional *Interest* as set out in the *Credit Documents*.

2.10 Prepayment.

The *Debt* may only be prepaid as set out in the *Credit Documents*.

2.11 Other Terms.

Other terms applicable to the *Mortgage* and the *Debt* are set out in the *Credit Documents*.

ARTICLE 3
OTHER PROVISIONS AFFECTING THE MORTGAGE

3.01 Sale or Transfer of Property.

If *you Convey* the *Property* or any interest in the *Property* to anyone (in this Section a "*Purchaser*"), then the *Bank* may demand repayment of the *Debt* by notice in writing and the *Debt* will become immediately payable. No change in the ownership of the *Property* or any agreement between the *Bank* and a *Purchaser* will in any way affect or prejudice the *Bank*'s rights against *you* or any other person liable for payment of the *Debt*.

3.02 Assignment of Leases.

As additional security for *your* performance of the *Obligations*, *you* agree to assign to the *Bank* from time to time, immediately on its request, any lease of the whole or any part of the *Property*. Any assignment must be in a form acceptable to the *Bank*. *You* will deliver to the *Bank* executed copies of all leases of the *Property* at the *Bank*'s request. *You* will comply with all of the landlord's obligations in any lease assigned by *you* to the *Bank*. *You* agree that none of the

Bank's rights or remedies under the *Mortgage* will be delayed, hindered or prejudiced by these assignments.

3.03 Assignment of Rents.

You agree with the *Bank* as follows:

(a) For the purposes of this Section the term "leases" includes agreements to lease, tenancy agreements, licenses and occupancy agreements.

(b) *You* hereby assign to the *Bank* all rents payable from time to time under all present and future leases of all or any part of the *Property*; *you* also assign the *Bank* the benefit of all other tenants' obligations under those leases.

(c) As soon as *you* enter into any lease of the *Property you* will, if requested by the *Bank*, execute and deliver to the *Bank* an assignment in the *Bank*'s usual form of all rents payable under that lease and the benefit of all other tenants' obligations under that lease. *You* will also execute and deliver to the *Bank* any other documents that the *Bank* determines are necessary to make the assignment effective.

(d) Nothing in the *Mortgage*, or in the assignments referred to in this Section, will make the *Bank* responsible for the collection of rents payable under any lease of the *Property* or for the performance of any other obligations in any lease.

(e) The *Bank* will not be considered a mortgagee in possession or landlord of the *Property* because of any assignment referred to in this Article.

(f) The *Bank* only has to account for rent that the *Bank* actually receives (less reasonable collection charges) and the *Bank* may apply those rents to repayment of the *Debt* in any manner that the *Bank* in its discretion determines.

3.04 Payments the *Bank* may Make.

The *Bank* may pay any rents or satisfy any present or future *Taxes*, mortgages, rates, charges, *Common Expenses* or other similar liabilities or interests in the *Property*. These amounts, when paid by the *Bank*, form part of the *Debt*.

3.05 Taxes.

You will pay all *Taxes* on the *Property* promptly as they fall due. If the *Bank* requests evidence of payment of *Taxes*, *you* will immediately provide the *Bank* with evidence satisfactory to the *Bank* that *you* have paid all *Taxes*. If *you* do not provide the *Bank* with this evidence the *Bank* may obtain it directly from the municipality or other taxing authority. Any charge the *Bank* incurs to obtain this evidence will be added to the *Debt* and is payable by *you* immediately. *You* hereby authorize the municipality to release all tax information on the *Property* to the *Bank*.

3.06 Repair and Maintenance of the Property.

You agree as follows:

(a) *You* will keep the *Property* in good condition and repair and *you* will not do anything that will diminish the value of the *Property*.

(b) *You* will not change the use of the *Property*.

(c) The *Bank* or any insurer of the *Mortgage* may, whenever they deem it necessary, enter and inspect the *Property* and conduct any environmental testing, site assessment, investigation or study that the *Bank* or any insurer thinks is necessary. *You* will pay the *Bank* on demand the reasonable *Costs* of those inspections, investigations, assessments, studies and testing.

(d) *You* will promptly, at *your* own cost, comply with all *Laws* concerning the *Property*. At *your* own cost *you* will make all improvements or alterations to the *Property* that may be required at any time by any *Law*.

3.07 The Bank's Rights During Construction.

(a) Before commencing any construction on the *Property you* will have all plans and specifications *Approved* by the *Bank*.

(b) If at any time

(i) any construction on the *Property* remains unfinished and without any work being done on it for more than ten (10) consecutive days;

(ii) *you* deviate from any plans that have been *Approved* by the *Bank*;

(iii) *you* deviate from the generally accepted local standards of construction; or

(iv) *you* allow a construction lien to be registered against the *Property* for more than thirty (30) days,

then the *Bank* may, without becoming a mortgagee in possession, enter the *Property* and do all work necessary to protect the *Property* from deterioration. The *Bank* may complete any construction on the *Property* in accordance with plans and specifications that have been *Approved* by the *Bank* or otherwise as the *Bank* in its discretion determines. In completing construction the *Bank* may use and have exclusive possession of all materials and equipment on the *Property* without any interference from *you*. The *Bank* may also pay the amount of any lien and add that amount to the *Debt*.

3.08 Insurance.

(a) As long as there is any *Debt* outstanding, *you* will, at *your* expense, take out and keep in force insurance on the *Property*. *You* will keep the *Property* insured against loss or damage in an amount equal to not less than one hundred percent (100%) of the full replacement value of the *Property* pursuant to a mortgage endorsement in favour of the *Bank* issued by *your* insurer for the *Property*. The risks against which *you* must insure include fire, extended perils, tempest, tornado, cyclone, lightning, wind, storm, hail, explosion, riot, impact by aircraft or vehicle, smoke damage, other risks covered by a standard extended coverage insurance policy and any other risks and hazards that the *Bank* may from time to time require. *You* will ensure that the *Bank* is sent copies of all notices sent to *you* about this insurance. If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* takes out and keeps this insurance in force.

(b) As long as there is any *Debt* outstanding, if a sprinkler system, a steam boiler or any apparatus operating or operated by steam is installed in or operated on the *Property*, *you* will insure the buildings on the *Property* against loss or damage caused by any bursting, explosion or defect in the sprinkler system, boiler or apparatus to the full replacement value of the *Property*.

(c) All insurance policies must provide that any loss will be payable to the *Bank* as its interest may appear and must contain the standard mortgage clause *Approved* by the *Bank*.

(d) The *Bank* may require any insurance on the *Property* to be cancelled and new insurance taken out with an insurance company *Approved* by the *Bank* (and *Approved* by the landlord under the *Lease* if the *Property* is a *Leased Property* and if required by the *Lease*). The *Bank* may, without consulting *you*, take out any insurance on the *Property* if the *Bank* has not received proof of coverage satisfactory to it. The premiums for this insurance will be added to the *Debt*.

(e) *You* agree that *you* will deliver certificates of insurance or, if required by the *Bank*, certified copies of insurance policies as soon as possible after placing the required insurance.

(f) All policies must contain an undertaking by the insurer to notify the *Bank* in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination of any policy.

(g) If *you* fail to take out or to keep in force any insurance policy, or if any insurance policy is not *Approved* by the *Bank*, and if *you* do not rectify the situation within seven (7) days after written notice from the *Bank*, the *Bank* may, without consulting *you*, take out insurance at *your* expense. If *you* have failed to meet any of *your Obligations*, the *Bank* may charge *you* the cost of insuring the *Property* under an individual or a blanket insurance policy issued to the *Bank*. The *Bank* is under no obligation to insure the *Property* or to insure the *Property* for more than the *Debt*. However, if the *Bank* does take out additional insurance, it will be at *your* expense.

(h) If the *Bank* pays any premiums for insuring the *Property*, the amount of any payments will be added to the *Debt* and will be payable immediately.

(i) When the *Bank* requests it, *you* will provide the *Bank* with satisfactory evidence of the insurance required under this Section and proof that the premiums for that insurance have been paid. *You* must also provide the *Bank* with satisfactory evidence of the renewal of all insurance policies at least fifteen (15) days before the termination of each policy.

(j) The *Bank* in its discretion may require that all insurance proceeds be paid to the *Bank*, to *you* or to any other person appearing by the records of the Land Registry Office to be or to have been the owner of the *Property*. The proceeds may also be paid partly in one way and partly in another, or they may be applied, in the *Bank*'s sole discretion, in whole or in part to repay the *Debt* even if the *Debt* is not yet due. The *Bank* may in its discretion instead require that the insurance proceeds be applied to rebuilding or repairing the *Property*. If the *Property* is a *Leased Property*, the insurance proceeds will be applied to rebuilding or repairing the *Property*, if required by the *Lease*.

(k) All policies of insurance must show any loss payable (i) to the *Bank*, (ii) to a trustee *Approved* by the *Bank* pursuant to an insurance trust agreement *Approved* by the *Bank* or (iii) to both (if the *Property* is a condominium unit). The terms of any insurance trust agreement may not, once *Approved* by the *Bank*, be altered without the *Bank*'s further *Approval*.

(l) The *Mortgage* also charges all insurance proceeds as security for the *Debt*. If the *Property* is a condominium unit, the *Mortgage* also charges *your* interest in the insurance trust mentioned in Subsection 3.08(k) and on any insurance proceeds relating to the *Property* held by the trustee.

(m) If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* will at all times comply with the terms of all insurance policies, the insurance provisions of the *Declaration* and any insurance trust agreement. *You* will also ensure that the insurance taken out by the *Condominium Corporation* complies with the *Obligations* of this Section. Finally, *you* will ensure that the *Condominium Corporation* assigns and delivers to the *Bank* certificates of insurance or, if required by the *Bank*, certified copies of each insurance policy, as soon as possible after placing the required insurance.

(n) If there is any loss or damage, *you* must furnish at *your* own expense all necessary proofs and do all necessary acts to enable the *Bank* to obtain payment of the

insurance proceeds. Production of the *Mortgage* will be sufficient authority for the insurer to pay any loss to the *Bank*.

(o) The insurance provisions of this Section apply to all buildings, structures and improvements on the *Property* whenever built and during construction.

3.09 Subdivision, Release and Replacement of Property.

You agree as follows:

(a) The *Mortgage* charges every part or lot into which the *Property* is or may be divided for all of the *Debt*. No person will have any right to require the *Debt* to be apportioned with respect to any part or lot.

(b) At any time before or after the *Mortgage* is registered, the *Bank* may take other security, take evidence of indebtedness or obtain additional promises of payment. None of these actions will affect the *Bank*'s rights under the *Mortgage* or limit the liability of any person who is liable under the *Mortgage* or any *Guarantor*.

(c) The *Bank* may from time to time release or discharge the *Property*, any part of the *Property*, any other security the *Bank* has taken or any *Guarantor* on any terms that the *Bank* thinks proper. The *Bank* may at any time without notice to any person or without the consent of any person, make a settlement, extension or variation in the terms of any *Obligation*. No release, discharge, settlement, extension or variation in terms, nor any carelessness or neglect by the *Bank* in asserting its rights, the loss by operation of *Law* of any right the *Bank* has against *you* or any other person, or the loss or destruction of any security, will in any way release, diminish or prejudice its security against any undischarged *Property*. Similarly, no such action will release or prejudice any of the *Obligations* or release or diminish *your* liability or the liability of any *Guarantor* so long as any *Debt* remains unpaid. No security or *Guarantor* will be released or discharged except by a written release or discharge executed by the *Bank*.

3.10 Change of Control.

If *you* are a corporation and *you Convey* any interest in *your* issued and outstanding shares so that there is a change in *your* effective voting control without the *Bank*'s *Approval*, then the *Bank* may exercise any of the remedies set out in Article 5. The *Bank*'s *Approval* may be withheld in its unqualified subjective discretion.

3.11 Servicing Fees.

The *Bank* may charge a reasonable servicing fee to process each application for *Approval* contemplated by this Article. This servicing fee will be payable immediately upon demand and will form part of the *Debt*.

3.12 Repayment of Payments Made by the *Bank*.

Any payments made by the *Bank* under this Article will be added to the *Debt* and are payable by *you* immediately.

ARTICLE 4
PROVISIONS FOR SPECIFIC TYPES OF PROPERTIES

4.01 Additional Promises for Leased Property.

If the *Property* is a *Leased Property*, *you* promise and confirm to the *Bank* that:

(a) *you* own *your* leasehold interest in the *Property*;

(b) *you* have the right to mortgage or charge the *Lease* and sublet the *Leased Property* to the *Bank*; if required under the *Lease*, *you* have obtained the landlord's consent to the *Mortgage*;

(c) neither *you* nor any other person has mortgaged or otherwise encumbered the *Lease* or *your* rights under the *Lease*;

(d) the *Lease* is a valid, existing lease and has not been amended except as *you* have advised the *Bank* in writing; *you* have paid the rent and performed *your* obligations under the *Lease* up to the date *you* signed the *Mortgage* and there is no default under the *Lease*;

(e) *you* will not amend, surrender or terminate the *Lease* without the *Bank*'s prior *Approval*. *You* will pay the rent under the *Lease* and perform *your* obligations under the *Lease* as long as the *Debt* is outstanding. *You* will provide the *Bank* with any notice of default under the *Lease* that *you* receive. *You* will indemnify the *Bank* from all actions, claims and demands relating to defaults under the *Lease*; and

(f) *you* will assign the last day of the term of the *Lease*, or any renewal term, which *you* hold in trust for the *Bank*, as it may direct.

4.02 Additional Provisions for Leased Property.

If the *Property* is a *Leased Property*, the following provisions apply:

(a) *You* charge the *Leased Property* to the *Bank* as security only and not as a complete assignment of *your* interest. *You* sublease the *Leased Property* to the *Bank* to the extent required by *Law* for the charge to be effective for the remainder of the term of the *Lease*, except for the last day of the term of the *Lease* (including the last day of any renewal). *You* hold all other rights under the *Lease* in trust for the *Bank*, including the last day of the term, and any right of renewal or right to purchase.

(b) *You* hereby irrevocably appoint the *Bank* as *your* agent. If there is default under the *Mortgage*, the *Bank* may, as *your* agent, assign the Lease and the last day of the term of the *Lease* as the *Bank* may determine in its discretion. If the *Bank* sells the *Leased Property* pursuant to Article 5, the *Bank* may assign *your* interest in the *Lease* to a purchaser. The *Bank* may at any time remove *you* or any other person from being a trustee of the *Lease* under the trust set out in Subsection 4.02(a) and appoint a new trustee in *your* place.

(c) At the *Bank*'s request but at *your* cost *you* will assign to the *Bank* the last day of the term of the *Lease* or any renewal or substituted term. If the *Bank* sells the *Leased Property* under the power of sale *you* will hold the *Leased Property* and the last day of the term in trust for any purchaser.

(d) If *you* neglect or refuse to renew the *Lease* then the *Bank* may renew the *Lease* in its own name so that the *Lease* will continue to be security for the *Mortgage*.

(e) If *you* have not performed *your Obligations* for fifteen (15) days, the *Bank* may, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, assign the *Lease*. Any assignment may be on the terms set out in Subsection 5.01(h) of these Standard Charge Terms.

(f) No sale or other dealing by *you* with the *Lease* or the *Leased Property* and no extension of time given by the *Bank* to *you*, or anyone claiming under *you*, or any dealing by the *Bank* with the landlord or the *Lease*, will in any way affect or prejudice the *Bank*'s rights against *you* or any other person liable to repay the *Debt*.

(g) If *you* acquire any additional interest in the *Leased Property*, then by the *Mortgage you* charge that additional interest to the *Bank* without *you* or the *Bank* having to do anything further.

4.03 Additional Promises if the Property is a Condominium Unit.

(a) *You* promise to perform all of *your* obligations under the *Condominium Act* and under the *Declaration*, the by-laws and the rules of the *Condominium Corporation*. Any breach of those obligations will constitute a default under the *Mortgage*. In addition, the following provisions apply:

(i) *You* will pay promptly when due *your* contribution to *Common Expenses*.

(ii) *You* will provide the *Bank* immediately on request with satisfactory evidence that all *Common Expenses* have been paid.

(iii) The *Bank* may deduct from any advance of the *Principal Amount* the amount of *Common Expenses* that are payable and are unpaid at the date of that advance.

(iv) If the *Bank* requests, *you* will give it copies of all notices, financial statements, reserve fund studies and other documents from time to time given to *you* by the *Condominium Corporation*.

(v) If the *Bank* gives *you* notice, *you* will pay the amount necessary to pay *Common Expenses* to the *Bank*. The *Bank* will remit all sums to the *Condominium Corporation* on *your* behalf.

(b) *You* irrevocably authorize the *Bank* to exercise *your* right to vote or to consent in all matters relating to the affairs of the *Condominium Corporation*, provided that:

(i) the *Bank* will only exercise *your* right to vote or consent if the *Bank* has given *you* and the *Condominium Corporation* the notice required by the *Condominium Act* that the *Bank* intends to exercise this right;

(ii) the *Bank* is not under any obligation to vote or consent;

(iii) in voting or consenting the *Bank* is not obligated to protect *your* interests, but may vote or consent as the *Bank* in its discretion determines; and

(iv) if the *Bank* votes or consents the *Bank* is not a mortgagee in possession.

ARTICLE 5
ENFORCEMENT

5.01 Enforcing the Bank's Rights.

If *you* do not comply with any of *your Obligations*, the *Bank* may exercise any one or more of the remedies listed below in any order that the *Bank* chooses:

(a) **Immediate Payment.**

The *Bank* may, at its option without notice to *you*, require all *Debt* to be paid to the *Bank* immediately.

(b) **Legal Action.**

The *Bank* may take whatever legal action is necessary to collect all or part of the *Debt*. This legal action may include suing *you* for the *Debt*.

(c) **Personal Property.**

The *Bank* may enter the *Property* and distrain against (i.e. seize and sell) any personal property owned by *you* to repay all or part of the *Debt.*

(d) **Take Possession of the Property.**

The *Bank* may take and keep possession of the *Property*, collect rents from it and manage or lease the *Property* or any part of it. Before the *Bank* takes possession of the *Property*, the *Bank* can ask *you* to leave the *Property* with all *your* belongings and if *you* do not do so the Courts of Ontario will order *you* to leave. If *you* refuse to do so the Court will have *you* forcibly removed. If *you* have not removed *your* personal belongings from the *Property* before the *Bank* takes possession, *you* authorize the *Bank* to remove and dispose of *your* belongings in any manner that the *Bank*, in its absolute discretion, deems appropriate, without notice to *you.* The *Bank* will have no liability for moving, disposing or storing those belongings. *You* will be responsible for all *Costs* incurred by the *Bank* in dealing with those belongings. These *Costs* will be added to the *Debt.*

(e) **Lease the Property.**

The *Bank* may take possession of the *Property* and lease it on any terms that the *Bank* determines in its discretion without notice to *you.* The *Bank* may apply the net proceeds of any lease to reduce the *Debt.* If the net proceeds do not pay all of the *Debt, you* must immediately pay the *Bank* the difference.

(f) **Foreclosure.**

The *Bank* may take court proceedings to foreclose *your* interest in the *Property.* If the *Bank* obtains a final order of foreclosure, *your* interest in the *Property* will belong to the *Bank* and *you* will have no further interest in the *Property.*

(g) **Judicial Sale.**

The *Bank* may ask the court to order a sale of the *Property*, under the court's supervision. If the amount the *Bank* receives from the sale of the *Property* is less than the *Debt, you* must immediately pay the *Bank* the difference.

(h) **Power of Sale.**

If any default continues for at least fifteen (15) days, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, or any other minimum period that may be prescribed by *Law*, the *Bank* may sell the *Property* or any part of it. Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on any terms that the *Bank* determines in its discretion. The *Bank* will apply the net proceeds of any sale to reduce the *Debt.* If the net proceeds do not pay all of the *Debt you* must immediately pay the *Bank* the difference. The exercise by the *Bank* of its power of sale does not preclude the *Bank* from any further exercise of its power of sale in accordance with this Section.

(i) **Cure any Defaults.**

The *Bank* may, but is not obligated to, cure any of *your* defaults under the *Mortgage* at *your* expense, and generally take any other steps or proceedings against *you* as are permitted by *Law*. *You* will immediately pay the *Bank* any money it spends or is obligated to spend in curing any defaults. The *Bank* may add any money it has spent curing *your* defaults to the *Debt.* In order to cure any defaults the *Bank* may enter on the *Property* as often as necessary. If the *Bank* enters the *Property* it will not be a mortgagee in possession.

5.02 Other Defaults.

The *Bank* may also exercise its remedies under this Article if any one or more of the following occurs:

(a) if the *Property* is the subject of a restraint order under the *Controlled Drugs and Substances Act* or a similar order under any *Law*;

(b) if *you* have ever used the *Property* for any purpose that is in violation of the *Controlled Drugs and Substances Act* or any similar *Law*; or

(c) if *you* have made any material misrepresentation to the *Bank* in connection with the *Mortgage* or the *Credit Documents*.

5.03 Costs of Proceedings.

The *Costs* of any sale or foreclosure proceedings, whether or not the sale or foreclosure is completed, or any *Costs* that the *Bank* incurs in taking or keeping possession of the *Property* or enforcing its remedies under the *Mortgage*, are immediately payable by *you* whether or not any actual proceeding has commenced.

5.04 Appointment of Receiver.

If *you* do not comply with any of *your Obligations*, the *Bank* may appoint a *Receiver* on any terms (including remuneration) that the *Bank* thinks are reasonable. The *Bank* may also remove any *Receiver* and appoint another *Receiver*. The following provisions apply:

(a) The *Receiver* will be *your* agent, not the *Bank*'s; *you* alone will be responsible for any of the *Receiver*'s acts or omissions. The *Bank* will not be responsible for any misconduct or negligence of the *Receiver*.

(b) Any *Receiver* may or may not be the *Bank*'s officer or employee.

(c) Appointing a *Receiver* will not constitute the *Bank* a mortgagee in possession.

(d) From the income collected, the *Receiver* may pay all *Taxes*, insurance premiums and other expenses required to keep the *Property* in good condition; pay its own fees as *Receiver*; pay all amounts required to keep any mortgages or other interests ranking in priority to the *Mortgage* in good standing; pay *Interest*; and pay all or any part of the *Debt*, whether due or not.

(e) The *Bank* is not accountable for any money received by the *Receiver* except to the extent that the *Bank* actually receives that money.

(f) The *Receiver* may do any one or more of the following:

  (i) use every right or remedy that the *Bank* has under the *Mortgage* to collect the income from the *Property*, take possession of all or part of the *Property*, manage the *Property* and keep the *Property* in good condition;

  (ii) manage any business conducted on the *Property*;

  (iii) lease all or any portion of the *Property*, and for this purpose enter into contracts in *your* name that will be binding on *you*;

  (iv) sell the *Property*;

  (v) arrange for the repair and maintenance of the *Property*; arrange to complete any construction on the *Property*; arrange for construction of leasehold improvements. The *Receiver* may register plans of subdivision and declarations and descriptions for the *Property*. The *Receiver* may also take possession of and use any materials, supplies, plans, tools or equipment on the *Property*; and

(vi) borrow money on the security of the *Property* in priority to the *Mortgage*.

(g) The rights and powers in this Section are supplemental to any other rights and powers that the *Bank* may have.

5.05 Court Appointed Receiver.

The *Bank* may ask the Court to appoint a *Receiver*, or confirm the appointment of a *Receiver*, of the *Property*. The terms of the appointment of this *Receiver* will be as the Court determines.

ARTICLE 6
MISCELLANEOUS PROVISIONS

6.01 Judgments.

If the *Bank* obtains a judgment because of *your* default in any *Obligation*, that judgment will not operate as a merger of any *Obligation* or affect the *Bank*'s right to *Interest*. Any judgment will provide that *Interest* is to be computed at the same rate and in the same manner as set out in the *Credit Documents* until the judgment is fully paid.

6.02 Costs of Dishonoured Payments.

If any cheque *you* have given the *Bank* is not honoured, or if any automatic deduction is not processed, *you* must pay the *Bank*'s then current standard administration fee for each cheque that is dishonoured or payment that is not processed. The *Bank*'s standard administration fee represents a reasonable estimate of the damages the *Bank* will suffer because the cheque is dishonoured or the payment is not processed. This sum will be added to the *Debt* from the date the cheque is dishonoured or the payment not processed.

6.03 Discharge.

When *you* have paid the *Debt* in full and performed all of *your* other *Obligations*, the *Bank* will, if requested by *you*, sign a discharge of the *Mortgage*. The *Bank* will have a reasonable time to prepare and sign the discharge or to authorize the electronic registration of a discharge. The *Costs* of registration of any discharge will be *your* responsibility. *You* will pay the *Bank*'s then current administration fee for preparing a discharge. Registration and the costs of registration of any discharge will be *your* responsibility. If the *Bank* registers the discharge, *you* will pay any government fee that the *Bank* incurs for registration.

6.04 Conflict.

If there is any conflict between the terms of the *Mortgage* and the terms of the *Commitment*, the *Commitment* will prevail. If there is any conflict between the terms of the *Mortgage* and the terms of the *Credit Documents*, the *Credit Documents* will prevail.

6.05 Notices by the Bank.

(a) Unless otherwise stated in the *Mortgage*, if the *Mortgage* allows or requires the *Bank* to make a demand on, give a notice or consent to or make a request of any person (including *you*), the *Bank* may make the demand, give the notice or consent or make the request, in any one or more of the following ways, at the *Bank*'s sole discretion:

(i) by delivering it personally to the person (if the person is a corporation, by delivering it personally to a director, officer or employee of the corporation);

(ii) by transmitting it by facsimile to the person;

(iii) by transmitting it via e-mail to the person (if the person is a corporation, by transmitting it via e-mail to a director, officer or employee of the corporation);

(iv) by mailing it by prepaid registered mail addressed to the person at the person's last known address; or

(v) by transmitting it by any other means as the *Bank Approves* in writing in advance.

(b) Unless otherwise stated in the *Mortgage*, notice will be regarded as received:

(i) when it is personally delivered to the person or to the director, officer or employee of the corporation;

(ii) on the day of the facsimile transmission or, if that day is not a *Business Day*, on the first *Business Day* after the facsimile transmission;

(iii) on the first *Business Day* after the e-mail to the person or to the director, officer or employee of the corporation;

(iv) five (5) days after the date of mailing, whether the person receives it or not; or

(v) on any other date as the *Bank* advises *you* when it advises *you* of an alternative method of notice pursuant to Paragraph 6.05(a)(v).

6.06 Notices by You.

(a) Any notice that *you* give the *Bank* must be by one of the following methods:

(i) registered mail, postage prepaid to the address on the *Mortgage*;

(ii) personal delivery to the manager of the branch of the *Bank* that administers the *Mortgage*; or

(iii) any other method that the *Bank Approves* in advance.

(b) Unless otherwise agreed to by *you* and the *Bank* notice will be deemed to be received:

(i) five (5) days after mailing by registered mail;

(ii) when personally delivered to the branch manager; or

(iii) on any other date the *Bank* advises *you* when it advises *you* of an alternative method of notice.

6.07 Number.

Words in the singular include the plural and words in the plural include the singular.

6.08 Who is Bound.

The *Mortgage* is binding on *you*, *your* legal and personal representatives, *your* heirs, *your* successors and *your* assigns. The *Mortgage* is binding on the *Bank*, on its successors and on anyone to whom the *Bank* may transfer the *Mortgage*.

6.09 Consents and Disclosure.

(a) *You* consent to the *Bank* transferring, selling or assigning the *Debt*, the *Mortgage* and all of its rights under the *Mortgage*;

(b) If the *Bank* does so, it may disclose information about *you*, the *Mortgage* and the *Debt* to anyone to whom the *Bank* transfers, sells or assigns its rights;

(c) The *Bank* may also disclose information about *you*, the *Mortgage* and the *Debt* to an insurer or other third party from whom the *Bank* may obtain benefits that protect its security;

(d) *You* consent to insurers and other third parties that provide benefits or services to the *Bank* for the *Mortgage* obtaining information about *you* from credit bureaus and other lenders to evaluate *you* and the *Mortgage*.

6.10 Partial Invalidity.

If any provision of the *Mortgage* is found to be invalid or unenforceable, the validity and enforceability of all other provisions in the *Mortgage* will not be affected.

6.11 Liability.

If two or more persons are liable under the *Mortgage* their liability is both joint and several (that is, they are each liable for the full performance of all *Obligations*).

6.12 Telephone Calls.

You agree that the *Bank* may tape any telephone calls to ensure quality service and to confirm *your* discussions with the *Bank* and any of its employees.

6.13 Governing Law.

The *Mortgage* shall be governed by the *Laws* of Ontario and the applicable federal *Laws* of Canada. *You* submit to the jurisdiction of the courts of Ontario with respect to the *Mortgage*.

6.14 Statute References.

A reference in the *Mortgage* to a statute includes the statute as it may be amended and any replacement or substitute statute.

ARTICLE 7
DEFINITIONS

7.01 Definitions.

In this set of Standard Charge Terms and in any *Mortgage* incorporating these Standard Charge Terms, the following words have the following meanings:

> "*Approved*" means agreed to in writing or by another method that the *Bank* may make available. "*Approve*", "*Approves*" and "*Approval*" have corresponding meanings.
>
> "*Bank*" means The Toronto-Dominion *Bank*, the mortgagee or chargee under the *Mortgage*.
>
> "*Business Day*" means a day other than a Saturday, a Sunday or a statutory holiday observed in the Province of Ontario.
>
> "*Commitment*" means a document *Approved* by both *you* and the *Bank* in which the *Bank* commits to providing *you* with mortgage financing, including an advance, a loan or a line of credit, which sets out the terms of that mortgage financing and which includes the disclosure of the cost of borrowing mandated by the *Bank Act* (Canada).
>
> "*Common Expenses*" means the expenses related to the performance of the objects and duties of the *Condominium Corporation* and all expenses specified as common expenses in the *Condominium Act* or in the *Declaration*.

"*Condominium Act*" means the *Condominium Act*, 1998, S.O. 1998, c. 19 (as amended or replaced).

"*Condominium Corporation*" means the condominium corporation that was created by the registration of the *Declaration* and the *Description* on land of which the *Property* is a part.

"*Convey*" means sell, convey, dispose of, transfer or lease, or enter into an agreement to sell, convey, dispose of, transfer or lease (whether by operation of law or otherwise); "*Conveyed*" has a corresponding meaning.

"*Costs*" means all of the fees, costs, charges and expenses relating to:

(i) the *Approval*, preparation, execution and registration of the *Mortgage*, any document connected with the *Mortgage* and any amendment, discharge or transfer of the *Mortgage*;

(ii) any amounts the *Bank* is entitled to charge *you* or pay on *your* behalf under the *Mortgage*;

(iii) any expenses that the *Bank* incurs in enforcing any of its remedies under the *Mortgage*;

(iv) any charges of a municipality or other taxing authority for providing the *Bank* with information on *Taxes* or imposed because the *Bank* (rather than *you*) is paying *Taxes*;

(v) any inspection of the *Property*;

(vi) any environmental testing, site assessment, investigation, study or inspection of the *Property*;

(vii) all repairs made to the *Property*;

(viii) having to take possession and secure, complete and equip any buildings, structures or improvements on the *Property*, including completing construction of the *Property*;

(ix) the renewal of any leasehold interest;

(x) the cost of any *Receiver*;

(xi) any expenses incurred in removing a construction lien from title to the *Property*, obtaining a discharge of a construction lien or defending a construction lien action relating to the *Property*;

(xii) any mortgage insurance or title insurance; and

(xiii) all lawyers' fees and disbursements (including those of the *Bank*'s in-house lawyers) in any way relating to items (i) through (xii) on a full indemnity basis.

"*Credit Documents*" means documents *Approved* by *you* and the *Bank* that relate to *Debt*. *Credit Documents* include promissory notes, line-of-credit agreements, loan agreements, guarantees, any other documents that *you* have agreed will be secured by the *Property* and any amendments or renewals of those documents.

"*Debt*" means all present and future amounts owing by *you* to the *Bank*, including *Interest*, pursuant to a line of credit agreement, loan agreement, guarantee or any other document that *you* have agreed will be secured by the *Property*. Without limiting the previous sentence, *Debt* includes any debt, past, present or future, direct or indirect, absolute or contingent, matured or not, remaining unpaid by *you* to the *Bank*, in any currency, whether arising from dealings between *you* and the *Bank* or from any other dealings or proceedings by which the *Bank* may in any manner be or become *your* creditor, however incurred, whether incurred by *you* alone or with others and whether as principal or as surety.

"*Declaration*" means the declaration that was registered pursuant to the *Condominium Act* or any predecessor legislation to create the *Condominium Corporation*.

"*Description*" means the description registered pursuant to the *Condominium Act* or any predecessor legislation.

"*Guarantor*" means each guarantor described in the *Mortgage* or who signs a written document, agreeing to be responsible for all or some of *your Obligations* and agreeing to be bound by the terms of either or both of the *Mortgage* and the *Credit Documents*.

"*Interest*" means all the interest owing from time to time under the *Mortgage* or the *Credit Documents*, calculated at the applicable *Interest Rate*.

"*Interest Rate*" means the interest rate or rates set out in the *Credit Documents*.

"*Law*" means any law, statute, rule, requirement, demand, order, direction, code, guideline, ordinance, by-law, policy or regulation of any government, governmental authority or agency.

"*Lease*" means any lease, sublease or agreement to lease that gives *you your* interest in the *Property* as a tenant, lessee, subtenant or sublessee.

"*Leased Property*" means *your* leasehold interest in the *Property* under a *Lease*.

"*Mortgage*" means, for the non-electronic paper based registration system, the mortgage or charge of the *Property* signed by *you* in the Form 2 Charge/Mortgage of Land and any schedules attached to it or, for the electronic registration system, the mortgage or charge of the *Property* given by *you* to the *Bank* pursuant to *your* signed authorization and direction, and prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act* of Ontario. "*Mortgage*" also includes all schedules, amendments and these Standard Charge Terms.

"*Obligations*" means all of the obligations that *you* have agreed to perform and all of the promises *you* have made under the *Mortgage* and the *Credit Documents*.

"*Principal Amount*" means the original principal that is indicated in the *Mortgage*.

"*Property*" means all or any part of (i) the lands described in the *Mortgage*, (ii) any buildings or structures now on those lands or added to those lands at any time and (iii) anything now or later attached or fixed to those lands, buildings or structures.

"*Purchaser*" has the meaning set out in Section 3.01.

"*Receiver*" means a person appointed by the *Bank* or a Court to collect income from and manage the *Property*; "*Receiver*" includes a receiver and a receiver and manager.

"*Taxes*" means all present and future realty taxes, rates and assessments of any nature or kind on the *Property* and includes interest and penalties.

"*You*" means each of the persons indicated as chargors or mortgagors in the *Mortgage* and anyone else who is bound by the *Mortgage* under Section 6.08. "*Your*" has a corresponding meaning.

Dated the 22nd day of November, 2005

Bruce Salvatore

Bruce Salvatore

Solicitor for The Toronto-Dominion Bank

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200537 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200538 Cote
Filing Date 24th NOV. 2005 Date de Dépôt
Page 1 of/de 8 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by So-Use Credit Union Limited

Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every Charge in which this set is referred to by its filing number and as provided in Section 9 of the Land Registration Reform Act, R.S.O. 1990, c. L-4, as amended (the "Act").

INTERPRETATION

1.

It is hereby agreed, that in construing this Charge, the words "Chargor", "Chargee" and "Guarantors", and the personal pronouns "he", "his", "him", "they" or "them" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors", and "he", "she", "it" or "they", "his", "her", "its" or "their" and "him", "her", "it" or "them" respectively, as the number and gender of the party or parties referred to in each case require, and the number and the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. Furthermore, all rights, advantages, privileges, immunities, powers and things hereby secured to the "Chargor" or "Chargors", "Chargee" or "Chargees", shall be equally secured to and exercisable by his, her its or their heirs, executors, administrators and assigns or successors and assigns, as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors" shall be equally binding upon his, her, its or their heirs, executors, administrators and assigns, or successors and assigns as the case may be; and all such covenants, liabilities and obligations shall be made by the Chargors or Guarantors jointly and severally, unless the Charge specifies otherwise.

DEFINED TERMS

2.

It is hereby further agreed that all words appearing in this Charge that are defined in Section 1 of the Act, 1990, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Act.

STATUTORY COVENANTS EXCLUDED

3. The Covenants deemed to be included in the Charge under Sub-Section 7(1), Clauses 1 and 2 of the Act, are hereby expressly excluded and replaced by the following Covenants.

COVENANTS IN LIEU OF STATUTORY COVENANTS

4. The Chargor hereby Covenants, promises and agrees to and with the Chargee as follows:

(i) **Authority to Charge the Lands and Premises**

That the Chargor now has good right, full power and lawful and absolute authority to charge the Lands and to give the Charge to the Chargee upon the Covenants contained in the Charge.

(ii) **No Act to Encumber**

That the Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected, or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

(iii) **Good Title in Fee Simple**

That the Chargor, at the time of the execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the Lands and the premises described in the Charge and in every part and parcel thereof, without any manner of trusts, reservations, limitations, provisoes, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

(iv) **Lands and Buildings Not Contaminated**

That the Buildings on the Lands are not insulated with urea formaldehyde foam and do not contain asbestos building materials, polychlorinated biphenyls, radioactive substances or other Hazardous Materials; no Hazardous Materials have been released into the natural environment from or through the Lands; to the best of the Chargor's knowledge, information and belief, after conducting all reasonable inquiries, no Hazardous Materials have been released into the natural environment from properties adjoining the Lands or from properties located within the immediate vicinity of the Lands, except as expressly permitted, licensed or authorized by Government Authority; the Lands have never been used as a land-fill or waste disposal site; no Hazardous Materials are or have ever been stored on or under the Lands; to the best of the Chargor's knowledge, information and belief, after having conducted all reasonable inquiries, no Hazardous Materials are or have ever been stored on or under properties adjoining the Lands or on or under properties within the immediate vicinity of the Lands; the condition of the soil on the Lands is such that it will not prevent or restrict future development of the Lands for commercial purposes.

"Hazardous Material" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environment, health and/or safety matters.

(v) **Promise to Pay and Perform**

That the Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations contained in the Charge. That the Chargor will comply with all orders issued by regulatory authorities and all environmental laws, regulations, and ordinances. That the Chargor will pay, as they fall due, all taxes, rates, assessments, and penalties, whether municipal, local, parliamentary, judicial, or administrative, which now or may hereafter be imposed, charged or levied upon the Lands or against the Chargor, and when required, produce for the Chargee receipts evidencing payment of the same.

The Chargee shall have the right from time to time to estimate the amount of taxes on the charged Lands and premises for each year and to require the Chargor to pay in each month a specified portion of such estimated amount in addition to the monthly instalments stipulated in this Charge (if any); and the Chargor covenants and agrees when so required to pay to the Chargee in addition to the monthly instalments herein mentioned (if any) such specified portion of the said taxes with each of the twelve succeeding monthly instalments herein mentioned next falling due, and the Chargor shall also pay to the Chargee on demand the amount, if any by which the actual taxes exceed such estimated amount. If the principal and interest are repayable on demand only, this amount on account of taxes shall be paid to the Chargee in each month on a day designated by the Chargee. If, before any amount on account of taxes so paid to the Chargee shall have been applied against taxes, there shall be arrears in the payment of principal and/or interest due and payable under this Charge, the Chargee may apply such amount paid on account of taxes instead towards payment of the arrears of principal and/or interest. The Chargee is not obligated to pay interest to the Chargor on amounts paid to the Chargee on account of taxes for the period of time immediately preceding the date the amounts are applied against taxes.

If the payment provisions in this Charge require the Chargor to make payments of principal and interest monthly, the Chargor and the Chargee may from time to time agree that payments of principal and interest (and any amount on account of taxes, if applicable) shall be made more frequently than monthly, in which case the Chargor shall comply with the terms of any such agreement instead of the payment provisions prescribed in this Charge.

If this Charge contains an interest adjustment date, the Chargor further covenants to pay, on such date, interest at the rate set forth in the Charge and all money advanced by the Chargee to the Chargor under the Charge, prior to such interest adjustment date.

(vi) **Obligation to Insure**

That the Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings and the land to the amount of not less than their full insurable value in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the Lands, and such insurance shall include not only insurance against loss or damage by fire, but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least three (3) days before the expiration thereof; otherwise, the Chargee may provide therefor and charge the premium paid and interest thereon, at the rate provided for in the Charge, to the Chargor and the same shall be payable forthwith and shall also be a Charge upon the Lands. It is further agreed that the Chargee may, at any time, require any insurance of the buildings to be cancelled and new insurance effected by a company to be named by the Chargee, and also of his own accord, may effect or maintain any insurance herein provided for in the Charge and the cost of effecting or maintaining same shall also be a Charge upon the Lands. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

(vii) **Obligation to Repair and to Remediate Environmental Contamination**

That the Chargor will keep the Lands and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent, enter upon and inspect the Lands and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to the Charge.

That in the event that, for any reason whatsoever, the representations and covenants contained in subsections 2(iv) and 2(viii) (a) (ii) regarding the Lands are not true or are breached or shall become untrue or breached any time after the registration of this Charge, then the Chargor shall forthwith conduct appropriate removal/remedial action and such removal/remedial action shall be pre-approved by the Chargee, acting reasonably. The Chargor shall conduct such appropriate environmental assessments as the Chargee may reasonably require in its discretion in order to give its approval. If the Chargor fails to conduct such assessments and/or to take appropriate remedial action, the Chargor hereby permits the Chargee to enter upon the Lands to conduct the assessments and/or effect the remedial action, and the reasonable cost of such assessments and/or remediation shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims subsequent to the Charge.

(viii) **Alterations**

(a) That the Chargor will not

(i) Permit waste to be committed or suffered on the charged premises;

(ii) Discharge or permit the discharge into the natural environment of the charged premises and/or neighbouring lands of any contaminant in an amount, concentration or level in excess of that prescribed by the regulations under the Environmental Protection Act of Ontario, or any similar or successor legislation, or if the contaminant is likely to cause an adverse effect; and

(iii) Suffer or permit any change in the general nature of the occupancy of the charged premises.

(b) That it will not remove or destroy any of the buildings, plant, machinery and equipment comprised in the improvements other than as herein otherwise provided; provided that nothing herein shall prevent the removal of any such property from one part of the charged premises to another or the temporary removal of any such property for purposes of repair, and provided further that the Chargor may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out, unserviceable or unnecessary for use in the conduct of any business conducted on the premises if such plant, machinery or equipment is replaced by plant, machinery and equipment of at least equal value or if the value of such plant, machinery or equipment so dealt with in one transaction and not so replaced does not exceed $5,000; provided that such removal or other disposition does not impair the successful operation of the charged premises;

(c) That the Chargor will not make or permit to be made any alterations, additions to, or subtractions from the charged premises without the consent of the Chargee in writing, which consent shall not be unreasonably withheld.

(d) That the Chargor, if the purpose of the Charge is to finance an improvement to the lands and/or buildings, will make the improvement only in accordance with plans and specifications previously approved by the Chargee and complete the improvements as quickly as possible.

(ix) **Obligation to Notify Chargee of Changes**

That the Chargor will forthwith provide the Chargee with full particulars of any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, and (b) qualification of the said Lands as a matrimonial home within the meaning of the Family Law Act, as amended, the intention being that the Chargee shall be kept fully informed of the names and addresses of any spouse who is not an owner but who has a right of possession in the said Lands by virtue of the said Act. In furtherance of such intention, the Chargor agrees to furnish the Chargee with such evidence in connection with either of (a) and (b) above as the Chargee may, from time to time, request.

(x) **Membership in So-Use Credit Union Limited**

That during the currency of this Charge the Chargor will maintain at all times his status as a member in good standing of So-Use Credit Union Limited in accordance with its by-laws and resolutions.

(xi) **Obligation to Maintain an Account out of which Payments can be drawn**

That, if regular payments of principal and interest (and taxes, if applicable) are required by the provisions of this Charge, the Chargor will maintain, with a branch of So-Use Credit Union Limited, an account of a type satisfactory to the Chargee, and complete an authorization, in a form approved by the Chargee, whereby such account is automatically debited by an amount equal to each payment of principal and interest (and taxes, if applicable), when each payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account, then any such action or omission shall constitute a default under this Charge. The Chargor agrees to pay to the Chargee its current administration and processing fees for breaches of this covenant.

(xii) **Prohibition Against Subsequent Encumbrances**

That the Chargor will ensure that the Lands will remain free and clear of all encumbrances, liens, mortgages, charges, Personal Property Security interests and financing agreements subordinate to the Chargee's interest throughout the term of this Charge and any renewal or renewals thereof, except those approved in writing.

(xiii) **Casualty, Legal or Environmental Claim**

That the Chargor will give immediate notice in writing to the Chargee of any damage caused by fire or any other casualty to, or legal claim against, the said Lands.

That the Chargor will give immediate notice in writing to the Chargee of the receipt of material governmental or third party notices of violation, claims, suits, orders, or permit or approval revocations relating to environmental risks, and of any discharges or spills on or emanating from said Lands within the meaning of the Environmental Protection Act of Ontario, or any similar or successor legislation.

(xiv) **Ontario New Home Warranties Plan Act**

That if the land and buildings are subject to the requirements of the Ontario New Home Warranties Plan Act of Ontario, or any similar successor legislation, the Chargor will comply with such requirements and reimburse the Chargee for any costs which it may incur in effecting compliance or enforcing the Chargor's rights on its behalf if it fails to do so.

CHARGEE'S RIGHT TO ACCELERATE PAYMENT OF PRINCIPAL AND INTEREST

5. In the event of:

(i) The Chargor selling, conveying, transferring or leasing, or entering into any agreement to complete the same, of the title to any interest in the Lands hereby charged to a purchaser, grantee, transferee, or lessee not approved in writing by the Chargee;

(ii) The failure of such a purchaser, grantee, transferee or lessee to:

(a) Apply for and receive the Chargee's written approval as aforesaid;

(b) Personally assume all the obligations of the Chargor under this Charge; and

(c) Execute an Assumption Agreement in the form required by the Chargee;

(iii) The death or total permanent disability of the Chargor;

(iv) The insolvency of the Chargor or any Guarantor;

(v) The expiration of three (3) months following the Chargor's withdrawal or expulsion from membership in So-Use Credit Union Limited;

(vi) The winding up or dissolution of the Chargor or any Guarantor (if applicable); or

(vii) The Chargor neglecting to keep the buildings, erections and improvements in good condition and repair, or permitting any act of waste in the land (as to which the Chargee shall be sole judge), or making default as to any of the covenants, provisoes, agreements or conditions contained in the Charge or in any Charge to which this Charge is subject;

All monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest, as in the case of payment before maturity, the power of entering upon and leasing or selling the Lands and Premises hereby given and all the remedies herein contained may be exercised forthwith. The exercise of the said option by the Chargee shall not be valid unless expressed in writing and signed by an employee of the Chargee.

CHARGEE'S RIGHTS ON DEFAULT

6.

(i) **Interest After Default**

In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within three months from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time, and all such interest and compound interest shall be a Charge upon the land.

(ii) **Right to Distrain**

If the Chargor shall make default in payment of any part of the interest payable under the Charge, at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expense attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

(iii) **Waiver of Default**

The Chargor agrees that the Chargee may, in writing, at any time or times after default, waive such default and upon such waiver the time or times for payment of said principal amount shall be as set out in this Charge, and further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(iv) **Extensions, Renewals and Variations in Terms Not to Prejudice**

Unless the Chargee agrees in writing to the contrary, the obligations hereunder of the original Chargor and the Guarantors shall survive the granting by the Chargee to the original Chargor or anyone claiming under him, including subsequent owners of the lands or of any part thereof, of any extension of time or renewal or variation in terms in respect of the Charge (whether by informal arrangement or by way of a formal Extension, Renewal, or Amending Agreement signed by the Chargor, or subsequent owner, as the case may be). The Charge may be Renewed, Extended or Amended by an Agreement in writing, prior to, at, or after maturity for any term, with or without an increased rate of interest, between the Chargee and the original Chargor, or subsequent owner, as the case may be, with or without notice to, or the concurrence of, the Guarantors, if any, or any subsequent encumbrancers, and/or the original Chargor in the case of an Agreement with a subsequent owner. A Renewal or Extension of this Charge shall be deemed to not create a new Charge, but rather is an extension of this Charge, notwithstanding that a Renewal or Extension Agreement may amend the effective date of this Charge. It shall not be necessary to register any such Agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall infer any right of renewal upon the Chargor.

(v) **Entry on Default**

From and after default shall happen to be made of or in the payment of the principal amount, or the interest payable thereon, or any part of either thereof, as provided in this Charge, of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations contained herein contrary to the true intent and meaning of this Charge, then and in every case it shall and may be lawful to and for the said Chargee to peaceably and quietly enter into, have, hold, use, occupy, possess, and enjoy the lands hereby charged free and clear and freely and clearly acquitted, exonerated and discharged of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances, and of and from all manner of other charges or encumbrances whatsoever without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whatsoever.

If the default includes a breach by the Chargor of his covenant to complete an improvement in accordance with the plans and specifications previously approved by the Chargee, the Chargee may, at its discretion, complete the improvement, subject to such reasonable changes in plans and specifications as a prudent owner would make under the circumstances.

(vi) **Power of Sale**

The Chargee, on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Lands or sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands, if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in a county or district in which the land is situate; and such notice shall be sufficient, although not addressed to any person or persons by name or designations; and notwithstanding that any person could be affected thereby may be unknown, unascertained, or under disability. Provided further, that in case default be made in a payment of the principal amount or interest or any part thereof, and such default continues for two months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling, or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form, within such time as so required by law. It is hereby further agreed that the whole or any part of parts of the Lands may be sold by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving in accordance with the terms of this Charge, and inspecting the Lands or by reason of non-payment or procuring the payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid, same shall be paid to the Chargor, or as he may direct. The costs, charges, and expenses referred to above shall include, but not be limited to, reasonable administration fees charged by the Chargee to the Chargor for the labour of employees expended in managing and inspecting the Lands and premises on behalf of the Chargee in its capacity as chargee in possession. The Chargee may sell any of the Lands, on such terms as to credit and otherwise as shall appear to him most advantageous, and for such prices as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contracts for the sale of the whole or any part of the Lands, and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers, after the satisfaction of the claim to the Chargee, and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see the propriety or regularity of any sale or lease, or be affected by express notice that any sale or lease is improper, and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(vii) **Further Assurances**

From and after default in the payment of the principal amounts secured by the Charge, or the interest thereon, or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then, and in every such case, the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Lands shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer and execute, or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Lands unto the Chargee, as by the Chargee or his solicitor, shall or may be lawfully and reasonably devised, advised or required.

ADDITIONAL TERMS AND CONDITIONS

7.

(i) **Costs Added to Principal**

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges, which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving the Lands and premises in accordance with the terms of this Charge, and inspecting the Lands and of negotiating the charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in selling or leasing the Lands or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien upon the land, which payments with interest at the rate provided for in the Charge, shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee, as aforesaid, shall be added to the principal amount secured by the Charge and shall be payable forthwith, with interest, at the rate provided for in the Charge.

(ii) **Partial Releases**

The Chargee may, at his discretion, at all times, release any part or parts of the Lands or any other security or any surety for the money secured under the Charge, either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from the Charge or from any of the covenants contained in the Charge, and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the Lands is or may hereafter be divided, does and shall stand charged for the whole monies secured under the Charge, and no person shall have the right to require the mortgage monies to be apportioned.

(iii) **Discharge**

Upon repayment in full of the monies secured hereby, all accrued interest and charges, and any bonus, if applicable, the Chargee shall sign a cessation of this Charge or, if requested by the Chargor, a transfer of the Charge, and send it to the Chargor within a reasonable time. The Chargor shall pay to the Chargee its usual administrative fee for preparing and signing the Cessation of Charge or Transfer of Charge, whether the Cessation or Transfer is prepared by the Chargee or by the Chargor or his solicitor. The Chargor is solely responsible for registering the Cessation or Transfer on title, at his own expense.

(iv) **Other Security**

This Charge is, in addition to and not in substitution for, any other security held by the Chargee for all or any part of the monies secured hereby. It is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively, at its option, in the event of default. Any judgment or recovery thereunder or hereunder shall not affect the right of the Chargee to realize upon this or any other security.

(v) **No Right of Prepayment**

This Charge is closed in that the Chargor shall have no right to prepay any part or parts of the monies secured hereby, at any time or times, prior to the date of maturity, provided however, that the Chargee may, in its sole discretion,

(a) Apply towards payment of the monies secured hereby, any monies received by it under any policy of group insurance carried by it on the lives of its borrowing members; and

(b) Calculate interest on a daily basis on the unpaid balance remaining outstanding, on the last previous payment date stipulated herein, and shall then apply said payment received first, in payment of interest so calculated to be due, and the balance, to be applied in reduction of the principal sum, upon receiving a payment from the Chargor, on any date or dates, other than

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the dates stipulated herein.

(vi) **Non-Merger of Covenants**

The taking of a judgment or judgments on any of the covenants herein, shall not operate as a merger of the covenants, or affect the Chargee's right to interest, at the rate and times provided for in the Charge; and further that any judgment shall provide that interest shall thereon be computed, at the same rate and in the same manner as provided in the Charge, until the judgment shall have been fully paid and satisfied.

(vii) **Date of Charge**

If this Charge contains an interest adjustment date, the date of this Charge shall be deemed to be the interest adjustment date stated in the Charge, notwithstanding that the Charge may have been executed on an earlier date. If this Charge does not contain an interest adjustment date, the date of this Charge shall be deemed to be the date of signature thereof by the first named Chargor.

(viii) **Recovery of Fees**

The Chargor agrees to pay to the Chargee, when due, the Chargee's then current administration and processing fees in connection with the preparation of any Mortgage Statement for Assumption purposes, Amending or other Agreements, statements for information purposes, any fees referred to in Paragraph 4(VI), charges for cheques relating to this Charge where payment has been refused due to insufficient funds or for any other reason and generally any fees in connection with the proper administration of this Charge. Any such fees and charges, if unpaid, shall be added to the principal outstanding pursuant to this Charge, and shall bear interest at the rate required by this Charge. The amount of any such fees or charges in effect at any particular time is available from any branch of So-Use Credit Union Limited, upon request.

CONDOMINIUM

8. If the charged Lands is a condominium unit and its appurtenant interest in the common areas, pursuant to the Condominium Act of Ontario, the following provisions shall form part of this Charge:

The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an Owner of the Lands, to vote or consent in all matters relating to the affairs of the Condominium Corporation named in the Charge, provided that:

(i) The Chargor shall be entitled to exercise the right to vote or consent, unless the Chargee gives notice of its intention to exercise such rights. Any such notice may be for an indeterminate period of time, or for a limited period of time, or for a specific meeting or matter.

(ii) The Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.

GUARANTEE CLAUSE

9. IN CONSIDERATION of the making, by the Chargee to the Chargor, the loan hereby secured, the Guarantors who have duly executed page one of this Charge (if applicable):

(i) Agree to be jointly and severally liable with the Chargor, for the due payment of all monies payable hereunder, at the times and in the manner herein provided;

(ii) Unconditionally guarantee full performance and discharge by the Chargor of all of his obligations pursuant to the provisions hereof, at the times and in the manner herein provided; notwithstanding that the obligations of the Chargor hereunder may be void or unenforceable at law or in equity or pursuant to statute.

(iii) Agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or become liable for, by reason of:

- (a) The failure, for any reason whatsoever, of the Chargor to pay the money expressed to be payable pursuant to the provisions of this Charge;
- (b) The failure, for any reason whatsoever, of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of this Charge;
- (c) Any act, action, or proceeding of or by the Chargee, for or in connection with the recovery of the said monies, or the obtaining of performance by the Chargor or any other act, matter or thing pursuant to the provisions of this Charge;

(iv) Agree that the Chargee may at any time, and from time to time, and without notice to the Guarantors, or any consent or concurrence by them, make any settlement, extension, renewal or variation in terms of the said Charge (whether by informal arrangement or by way of a formal Extension, Renewal or Amending Agreement signed by the original Chargor or a subsequent owner prior to, at or after maturity) or take surrender any security, and that no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights, nor any other thing of the foregoing, loss by operation of law of any right of the Chargee against the Chargor, nor the loss or destruction of any security, shall in any way release or diminish the liability

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of the Guarantors hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid, and

(v) Agree that the Chargee shall not be obliged to proceed against the Chargor, or to enforce or exhaust any security before proceeding to enforce its obligations herein set out, and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor, or the enforcement of any security for any such debt or obligation.

ACKNOWLEDGEMENT OF RECEIPT

I/We, the undersigned, hereby acknowledge receipt of a copy of these Standard Charge Terms, this day of ________________________________.

________________________________ ________________________________

DATED this 17th day of November, 2005.

So-Use Credit Union Limited
by their solicitors, Tanner & Guiney Associates

Per:________________________________
Geoffrey F. Cauchi

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CLAUSES TYPES DE CHARGE
Filing No. 200539 Cote
Filing Date 7th Dec 2005 Date de Dépôt
Page 1 of/de 20 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

STANDARD CHARGE TERMS
THE TORONTO-DOMINION BANK

Land Registration Reform Act

The following set of Standard Charge Terms will be deemed to be included in every *Mortgage* in which this set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act*.

While these Standard Charge Terms use common words, some words have a precise, particular meaning. These words are italicized. Definitions of the italicized words that are used in these Standard Charge Terms may be found in Article 7. All other words have their ordinary meanings.

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ARTICLE 1
CHARGE AND PROMISES

1.01 You Give your Property as Security.

In return for the *Bank* agreeing to loan money to *you* or to loan money to someone else when *you* guarantee payment, *you* agree as follows:

(a) if *you* are the owner of the *Property, you* charge *your* entire interest in the *Property* to the *Bank*;

(b) if the *Property* includes *Leased Property you* charge the *Leased Property* to the *Bank* as security as set out in Section 4.02;

(c) the *Mortgage* is given to secure repayment of all existing and future advances, loans or lines of credit from the *Bank* to *you*, to secure any existing and future guarantees that *you* provide to the *Bank* and to secure *your* performance of all of the *Obligations*.

1.02 Your Promises to the Bank.

You promise and confirm that:

(a) *you* will pay all of the *Debt* to the *Bank* and perform all of the other *Obligations* as provided in the *Mortgage* and the *Credit Documents*;

(b) *you* are the lawful owner of the *Property* (unless the *Property* is *Leased Property*) and no other person owns all or part of the *Property*;

(c) *you* have the right to give the *Mortgage* to the *Bank* and charge the *Property* in favour of the *Bank*;

(d) if *you* do not pay the *Debt* to the *Bank* or perform *your* other *Obligations* as provided in the *Mortgage* and the *Credit Documents*, the *Bank* may, at its discretion, take possession of the *Property* free from any interference by *you* or anyone else living on the *Property* and free from any interests, encumbrances, limitations or restrictions other than those that the *Bank* has *Approved*;

(e) there are no limitations or restrictions to *your* title to the *Property* except those *you* have disclosed to the *Bank* in writing and the *Bank* has *Approved*;

(f) *you* will, at *your* expense, sign any other documents and take any further action that the *Bank* requests in order to ensure that *your* entire interest in the *Property* has been charged to the *Bank* and that the *Debt* is adequately secured by the *Property* and the *Mortgage*; and

(g) if the *Mortgage* is not a first mortgage on the *Property, you* agree not to increase the principal amount owing under any prior mortgage or to re-borrow any amount repaid under a prior mortgage without the *Approval* of the *Bank*. The *Bank* may withhold its *Approval* for any reason. *You* promise not to default under any prior mortgage. *You* consent to the *Bank* giving notice to the holder of the other mortgage of the existence of this *Mortgage* and of all of the terms of this *Mortgage* and the *Credit Documents*.

ARTICLE 2
GENERAL PROVISIONS

2.01 Changes to Debt.

At *your* request and if the *Bank Approves*, the *Mortgage* will secure any future loans, lines of credit and advances to *you* in which the balance owing by *you* may increase or decrease from time to time and which may for periods of time have nothing owing. These future loans, lines of credit and advances will be secured by the *Mortgage* only if the *Credit Documents* indicate that they are to be secured by the *Property*. The *Mortgage* will continue to secure all of the *Debt* and *you* will continue to be liable for all of the *Debt* even if one or more of the following occurs:

(a) the *Bank* advances additional money secured by the *Mortgage* or readvances money that *you* have repaid under the *Mortgage*;

(b) the amount of the *Debt* increases or decreases, or if the *Debt* is reduced to zero and then increases;

(c) the documents that evidence the *Debt* change, or are replaced; for example if some *Credit Documents* are replaced by others – even if the new *Credit Documents* given by *you* have additional persons or fewer persons promising to pay the amount owing;

(d) the *Bank* increases or reduces the monetary amount of any credit available to *you*;

(e) the form of the *Debt* changes in any way or the *Mortgage* secures additional *Debt*;

(f) the *Mortgage* secures more than one type of loan, line of credit or other indebtedness contained in the *Credit Documents*; or

(g) the terms applicable to the *Debt* are changed, for example if the *Interest Rate* changes or if the *Debt* or a portion of the *Debt* is renewed or extended.

2.02 Application of Payments.

If *you* are in default under any of *your Obligations*, the *Bank* may apply any payments made by *you* to any one or more loan, line of credit or other indebtedness contained in the *Credit Documents* as the *Bank* may decide in its discretion.

2.03 Place of Payment.

You agree to repay the *Debt* to the *Bank* at its head office in Toronto, Ontario or any other place *Approved* by the *Bank*.

2.04 Time of Payment.

Any payment that is due on a day that is not a *Business Day* must be made on the *Business Day* immediately preceding the due date. The *Bank* will consider payments received after 2:00 p.m. (Eastern Standard Time or Eastern Daylight Time, as applicable) to have been made on the next *Business Day*.

2.05 Failure to Pay or Perform Obligations.

If *you* fail to pay any part of the *Debt* when it is due or if *you* do not perform any of *your Obligations* when required, then, at the *Bank*'s option, all of the *Debt* will immediately become payable. If *you* default under any prior mortgage (as mentioned in Section 1.02(g)), that default will be a default under the *Mortgage*.

2.06 Costs.

All *Costs* incurred by the *Bank* will be immediately payable by *you*, bear *Interest* at the highest *Interest Rate* and form part of the *Debt*. See Article 7 for the definition of *Costs*.

2.07 Deductions from Advances.

The *Bank* may deduct from any advance under the *Mortgage*:

(a) any *Taxes* that are due;

(b) all legal fees and disbursements (and applicable taxes) for preparing and registering the *Mortgage*; and

(c) any *Costs* relating to the *Approval*, preparation or registration of the *Mortgage* or the *Credit Documents* (including fees for mortgage insurance and title insurance).

2.08 Advances under the Mortgage.

The *Bank* may decide, for any reason, that it will not advance all or any part of the *Principal Amount* even if the *Mortgage* has been registered and whether or not any part of the *Principal Amount* has previously been advanced to *you*. Even though the *Bank* has not advanced any money, the *Mortgage* will still secure *Costs*.

2.09 Repayment.

(a) *You* will pay the *Debt* to the *Bank* on demand.

(b) *You* will pay *Interest* to the *Bank* on the *Debt* at the interest rate and on the terms set out in the *Credit Documents*.

(c) If any payment is late, *you* will pay the *Bank* additional *Interest* as set out in the *Credit Documents*.

2.10 Prepayment.

The *Debt* may only be prepaid as set out in the *Credit Documents*.

2.11 Other Terms.

Other terms applicable to the *Mortgage* and the *Debt* are set out in the *Credit Documents*.

ARTICLE 3
OTHER PROVISIONS AFFECTING THE MORTGAGE

3.01 Sale or Transfer of Property.

If *you Convey* the *Property* or any interest in the *Property* to anyone (in this Section a "*Purchaser*"), then the *Bank* may demand repayment of the *Debt* by notice in writing and the *Debt* will become immediately payable. No change in the ownership of the *Property* or any agreement between the *Bank* and a *Purchaser* will in any way affect or prejudice the *Bank*'s rights against *you* or any other person liable for payment of the *Debt*.

3.02 Assignment of Leases.

As additional security for *your* performance of the *Obligations*, *you* agree to assign to the *Bank* from time to time, immediately on its request, any lease of the whole or any part of the *Property*. Any assignment must be in a form acceptable to the *Bank*. *You* will deliver to the *Bank* executed copies of all leases of the *Property* at the *Bank*'s request. *You* will comply with all of the landlord's obligations in any lease assigned by *you* to the *Bank*. *You* agree that none of the

Bank's rights or remedies under the *Mortgage* will be delayed, hindered or prejudiced by these assignments.

3.03 Assignment of Rents.

You agree with the *Bank* as follows:

(a) For the purposes of this Section the term "leases" includes agreements to lease, tenancy agreements, licenses and occupancy agreements.

(b) *You* hereby assign to the *Bank* all rents payable from time to time under all present and future leases of all or any part of the *Property*; *you* also assign the *Bank* the benefit of all other tenants' obligations under those leases.

(c) As soon as *you* enter into any lease of the *Property you* will, if requested by the *Bank*, execute and deliver to the *Bank* an assignment in the *Bank*'s usual form of all rents payable under that lease and the benefit of all other tenants' obligations under that lease. *You* will also execute and deliver to the *Bank* any other documents that the *Bank* determines are necessary to make the assignment effective.

(d) Nothing in the *Mortgage*, or in the assignments referred to in this Section, will make the *Bank* responsible for the collection of rents payable under any lease of the *Property* or for the performance of any other obligations in any lease.

(e) The *Bank* will not be considered a mortgagee in possession or landlord of the *Property* because of any assignment referred to in this Article.

(f) The *Bank* only has to account for rent that the *Bank* actually receives (less reasonable collection charges) and the *Bank* may apply those rents to repayment of the *Debt* in any manner that the *Bank* in its discretion determines.

3.04 Payments the *Bank* may Make.

The *Bank* may pay any rents or satisfy any present or future *Taxes*, mortgages, rates, charges, *Common Expenses* or other similar liabilities or interests in the *Property*. These amounts, when paid by the *Bank*, form part of the *Debt*.

3.05 Taxes.

You will pay all *Taxes* on the *Property* promptly as they fall due. If the *Bank* requests evidence of payment of *Taxes*, *you* will immediately provide the *Bank* with evidence satisfactory to the *Bank* that *you* have paid all *Taxes*. If *you* do not provide the *Bank* with this evidence the *Bank* may obtain it directly from the municipality or other taxing authority. Any charge the *Bank* incurs to obtain this evidence will be added to the *Debt* and is payable by *you* immediately. *You* hereby authorize the municipality to release all tax information on the *Property* to the *Bank*.

3.06 Repair and Maintenance of the Property.

You agree as follows:

(a) *You* will keep the *Property* in good condition and repair and *you* will not do anything that will diminish the value of the *Property*.

(b) *You* will not change the use of the *Property*.

(c) The *Bank* or any insurer of the *Mortgage* may, whenever they deem it necessary, enter and inspect the *Property* and conduct any environmental testing, site assessment, investigation or study that the *Bank* or any insurer thinks is necessary. *You* will pay the *Bank* on demand the reasonable *Costs* of those inspections, investigations, assessments, studies and testing.

(d) *You* will promptly, at *your* own cost, comply with all *Laws* concerning the *Property*. At *your* own cost *you* will make all improvements or alterations to the *Property* that may be required at any time by any *Law*.

3.07 The Bank's Rights During Construction.

(a) Before commencing any construction on the *Property you* will have all plans and specifications *Approved* by the *Bank*.

(b) If at any time

(i) any construction on the *Property* remains unfinished and without any work being done on it for more than ten (10) consecutive days;

(ii) *you* deviate from any plans that have been *Approved* by the *Bank*;

(iii) *you* deviate from the generally accepted local standards of construction; or

(iv) *you* allow a construction lien to be registered against the *Property* for more than thirty (30) days,

then the *Bank* may, without becoming a mortgagee in possession, enter the *Property* and do all work necessary to protect the *Property* from deterioration. The *Bank* may complete any construction on the *Property* in accordance with plans and specifications that have been *Approved* by the *Bank* or otherwise as the *Bank* in its discretion determines. In completing construction the *Bank* may use and have exclusive possession of all materials and equipment on the *Property* without any interference from *you*. The *Bank* may also pay the amount of any lien and add that amount to the *Debt*.

3.08 Insurance.

(a) As long as there is any *Debt* outstanding, *you* will, at *your* expense, take out and keep in force insurance on the *Property*. *You* will keep the *Property* insured against loss or damage in an amount equal to not less than one hundred percent (100%) of the full replacement value of the *Property* pursuant to a mortgage endorsement in favour of the *Bank* issued by *your* insurer for the *Property*. The risks against which *you* must insure include fire, extended perils, tempest, tornado, cyclone, lightning, wind, storm, hail, explosion, riot, impact by aircraft or vehicle, smoke damage, other risks covered by a standard extended coverage insurance policy and any other risks and hazards that the *Bank* may from time to time require. *You* will ensure that the *Bank* is sent copies of all notices sent to *you* about this insurance. If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* takes out and keeps this insurance in force.

(b) As long as there is any *Debt* outstanding, if a sprinkler system, a steam boiler or any apparatus operating or operated by steam is installed in or operated on the *Property*, *you* will insure the buildings on the *Property* against loss or damage caused by any bursting, explosion or defect in the sprinkler system, boiler or apparatus to the full replacement value of the *Property*.

(c) All insurance policies must provide that any loss will be payable to the *Bank* as its interest may appear and must contain the standard mortgage clause *Approved* by the *Bank*.

(d) The *Bank* may require any insurance on the *Property* to be cancelled and new insurance taken out with an insurance company *Approved* by the *Bank* (and *Approved* by the landlord under the *Lease* if the *Property* is a *Leased Property* and if required by the *Lease*). The *Bank* may, without consulting *you*, take out any insurance on the *Property* if the *Bank* has not received proof of coverage satisfactory to it. The premiums for this insurance will be added to the *Debt*.

(e) *You* agree that *you* will deliver certificates of insurance or, if required by the *Bank*, certified copies of insurance policies as soon as possible after placing the required insurance.

(f) All policies must contain an undertaking by the insurer to notify the *Bank* in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination of any policy.

(g) If *you* fail to take out or to keep in force any insurance policy, or if any insurance policy is not *Approved* by the *Bank*, and if *you* do not rectify the situation within seven (7) days after written notice from the *Bank*, the *Bank* may, without consulting *you*, take out insurance at *your* expense. If *you* have failed to meet any of *your Obligations*, the *Bank* may charge *you* the cost of insuring the *Property* under an individual or a blanket insurance policy issued to the *Bank*. The *Bank* is under no obligation to insure the *Property* or to insure the *Property* for more than the *Debt*. However, if the *Bank* does take out additional insurance, it will be at *your* expense.

(h) If the *Bank* pays any premiums for insuring the *Property*, the amount of any payments will be added to the *Debt* and will be payable immediately.

(i) When the *Bank* requests it, *you* will provide the *Bank* with satisfactory evidence of the insurance required under this Section and proof that the premiums for that insurance have been paid. *You* must also provide the *Bank* with satisfactory evidence of the renewal of all insurance policies at least fifteen (15) days before the termination of each policy.

(j) The *Bank* in its discretion may require that all insurance proceeds be paid to the *Bank*, to *you* or to any other person appearing by the records of the Land Registry Office to be or to have been the owner of the *Property*. The proceeds may also be paid partly in one way and partly in another, or they may be applied, in the *Bank*'s sole discretion, in whole or in part to repay the *Debt* even if the *Debt* is not yet due. The *Bank* may in its discretion instead require that the insurance proceeds be applied to rebuilding or repairing the *Property*. If the *Property* is a *Leased Property*, the insurance proceeds will be applied to rebuilding or repairing the *Property*, if required by the *Lease*.

(k) All policies of insurance must show any loss payable (i) to the *Bank*, (ii) to a trustee *Approved* by the *Bank* pursuant to an insurance trust agreement *Approved* by the *Bank* or (iii) to both (if the *Property* is a condominium unit). The terms of any insurance trust agreement may not, once *Approved* by the *Bank*, be altered without the *Bank*'s further *Approval*.

(l) The *Mortgage* also charges all insurance proceeds as security for the *Debt*. If the *Property* is a condominium unit, the *Mortgage* also charges *your* interest in the insurance trust mentioned in Subsection 3.08(k) and on any insurance proceeds relating to the *Property* held by the trustee.

(m) If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* will at all times comply with the terms of all insurance policies, the insurance provisions of the *Declaration* and any insurance trust agreement. *You* will also ensure that the insurance taken out by the *Condominium Corporation* complies with the *Obligations* of this Section. Finally, *you* will ensure that the *Condominium Corporation* assigns and delivers to the *Bank* certificates of insurance or, if required by the *Bank*, certified copies of each insurance policy, as soon as possible after placing the required insurance.

(n) If there is any loss or damage, *you* must furnish at *your* own expense all necessary proofs and do all necessary acts to enable the *Bank* to obtain payment of the

insurance proceeds. Production of the *Mortgage* will be sufficient authority for the insurer to pay any loss to the *Bank*.

(o) The insurance provisions of this Section apply to all buildings, structures and improvements on the *Property* whenever built and during construction.

3.09 Subdivision, Release and Replacement of Property.

You agree as follows:

(a) The *Mortgage* charges every part or lot into which the *Property* is or may be divided for all of the *Debt*. No person will have any right to require the *Debt* to be apportioned with respect to any part or lot.

(b) At any time before or after the *Mortgage* is registered, the *Bank* may take other security, take evidence of indebtedness or obtain additional promises of payment. None of these actions will affect the *Bank*'s rights under the *Mortgage* or limit the liability of any person who is liable under the *Mortgage* or any *Guarantor*.

(c) The *Bank* may from time to time release or discharge the *Property*, any part of the *Property*, any other security the *Bank* has taken or any *Guarantor* on any terms that the *Bank* thinks proper. The *Bank* may at any time without notice to any person or without the consent of any person, make a settlement, extension or variation in the terms of any *Obligation*. No release, discharge, settlement, extension or variation in terms, nor any carelessness or neglect by the *Bank* in asserting its rights, the loss by operation of *Law* of any right the *Bank* has against *you* or any other person, or the loss or destruction of any security, will in any way release, diminish or prejudice its security against any undischarged *Property*. Similarly, no such action will release or prejudice any of the *Obligations* or release or diminish *your* liability or the liability of any *Guarantor* so long as any *Debt* remains unpaid. No security or *Guarantor* will be released or discharged except by a written release or discharge executed by the *Bank*.

3.10 Change of Control.

If *you* are a corporation and *you Convey* any interest in *your* issued and outstanding shares so that there is a change in *your* effective voting control without the *Bank*'s *Approval*, then the *Bank* may exercise any of the remedies set out in Article 5. The *Bank*'s *Approval* may be withheld in its unqualified subjective discretion.

3.11 Servicing Fees.

The *Bank* may charge a reasonable servicing fee to process each application for *Approval* contemplated by this Article. This servicing fee will be payable immediately upon demand and will form part of the *Debt*.

3.12 Repayment of Payments Made by the *Bank*.

Any payments made by the *Bank* under this Article will be added to the *Debt* and are payable by *you* immediately.

ARTICLE 4
PROVISIONS FOR SPECIFIC TYPES OF PROPERTIES

4.01 Additional Promises for Leased Property.

If the *Property* is a *Leased Property*, *you* promise and confirm to the *Bank* that:

(a) *you* own *your* leasehold interest in the *Property*;

(b) *you* have the right to mortgage or charge the *Lease* and sublet the *Leased Property* to the *Bank*; if required under the *Lease*, *you* have obtained the landlord's consent to the *Mortgage*;

(c) neither *you* nor any other person has mortgaged or otherwise encumbered the *Lease* or *your* rights under the *Lease*;

(d) the *Lease* is a valid, existing lease and has not been amended except as *you* have advised the *Bank* in writing; *you* have paid the rent and performed *your* obligations under the *Lease* up to the date *you* signed the *Mortgage* and there is no default under the *Lease*;

(e) *you* will not amend, surrender or terminate the *Lease* without the *Bank*'s prior *Approval*. *You* will pay the rent under the *Lease* and perform *your* obligations under the *Lease* as long as the *Debt* is outstanding. *You* will provide the *Bank* with any notice of default under the *Lease* that *you* receive. *You* will indemnify the *Bank* from all actions, claims and demands relating to defaults under the *Lease*; and

(f) *you* will assign the last day of the term of the *Lease*, or any renewal term, which *you* hold in trust for the *Bank*, as it may direct.

4.02 Additional Provisions for Leased Property.

If the *Property* is a *Leased Property*, the following provisions apply:

(a) *You* charge the *Leased Property* to the *Bank* as security only and not as a complete assignment of *your* interest. *You* sublease the *Leased Property* to the *Bank* to the extent required by *Law* for the charge to be effective for the remainder of the term of the *Lease*, except for the last day of the term of the *Lease* (including the last day of any renewal). *You* hold all other rights under the *Lease* in trust for the *Bank*, including the last day of the term, and any right of renewal or right to purchase.

(b) *You* hereby irrevocably appoint the *Bank* as *your* agent. If there is default under the *Mortgage*, the *Bank* may, as *your* agent, assign the Lease and the last day of the term of the *Lease* as the *Bank* may determine in its discretion. If the *Bank* sells the *Leased Property* pursuant to Article 5, the *Bank* may assign *your* interest in the *Lease* to a purchaser. The *Bank* may at any time remove *you* or any other person from being a trustee of the *Lease* under the trust set out in Subsection 4.02(a) and appoint a new trustee in *your* place.

(c) At the *Bank*'s request but at *your* cost *you* will assign to the *Bank* the last day of the term of the *Lease* or any renewal or substituted term. If the *Bank* sells the *Leased Property* under the power of sale *you* will hold the *Leased Property* and the last day of the term in trust for any purchaser.

(d) If *you* neglect or refuse to renew the *Lease* then the *Bank* may renew the *Lease* in its own name so that the *Lease* will continue to be security for the *Mortgage*.

(e) If *you* have not performed *your Obligations* for fifteen (15) days, the *Bank* may, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, assign the *Lease*. Any assignment may be on the terms set out in Subsection 5.01(h) of these Standard Charge Terms.

(f) No sale or other dealing by *you* with the *Lease* or the *Leased Property* and no extension of time given by the *Bank* to *you*, or anyone claiming under *you*, or any dealing by the *Bank* with the landlord or the *Lease*, will in any way affect or prejudice the *Bank*'s rights against *you* or any other person liable to repay the *Debt*.

(g) If *you* acquire any additional interest in the *Leased Property*, then by the *Mortgage you* charge that additional interest to the *Bank* without *you* or the *Bank* having to do anything further.

4.03 Additional Promises if the Property is a Condominium Unit.

(a) *You* promise to perform all of *your* obligations under the *Condominium Act* and under the *Declaration*, the by-laws and the rules of the *Condominium Corporation*. Any breach of those obligations will constitute a default under the *Mortgage*. In addition, the following provisions apply:

(i) *You* will pay promptly when due *your* contribution to *Common Expenses*.

(ii) *You* will provide the *Bank* immediately on request with satisfactory evidence that all *Common Expenses* have been paid.

(iii) The *Bank* may deduct from any advance of the *Principal Amount* the amount of *Common Expenses* that are payable and are unpaid at the date of that advance.

(iv) If the *Bank* requests, *you* will give it copies of all notices, financial statements, reserve fund studies and other documents from time to time given to *you* by the *Condominium Corporation*.

(v) If the *Bank* gives *you* notice, *you* will pay the amount necessary to pay *Common Expenses* to the *Bank*. The *Bank* will remit all sums to the *Condominium Corporation* on *your* behalf.

(b) *You* irrevocably authorize the *Bank* to exercise *your* right to vote or to consent in all matters relating to the affairs of the *Condominium Corporation*, provided that:

(i) the *Bank* will only exercise *your* right to vote or consent if the *Bank* has given *you* and the *Condominium Corporation* the notice required by the *Condominium Act* that the *Bank* intends to exercise this right;

(ii) the *Bank* is not under any obligation to vote or consent;

(iii) in voting or consenting the *Bank* is not obligated to protect *your* interests, but may vote or consent as the *Bank* in its discretion determines; and

(iv) if the *Bank* votes or consents the *Bank* is not a mortgagee in possession.

ARTICLE 5
ENFORCEMENT

5.01 Enforcing the Bank's Rights.

If *you* do not comply with any of *your Obligations*, the *Bank* may exercise any one or more of the remedies listed below in any order that the *Bank* chooses:

(a) **Immediate Payment.**

The *Bank* may, at its option without notice to *you*, require all *Debt* to be paid to the *Bank* immediately.

(b) **Legal Action.**

The *Bank* may take whatever legal action is necessary to collect all or part of the *Debt*. This legal action may include suing *you* for the *Debt*.

(c) **Personal Property.**

The *Bank* may enter the *Property* and distrain against (i.e. seize and sell) any personal property owned by *you* to repay all or part of the *Debt*.

(d) **Take Possession of the Property.**

The *Bank* may take and keep possession of the *Property*, collect rents from it and manage or lease the *Property* or any part of it. Before the *Bank* takes possession of the *Property*, the *Bank* can ask *you* to leave the *Property* with all *your* belongings and if *you* do not do so the Courts of Ontario will order *you* to leave. If *you* refuse to do so the Court will have *you* forcibly removed. If *you* have not removed *your* personal belongings from the *Property* before the *Bank* takes possession, *you* authorize the *Bank* to remove and dispose of *your* belongings in any manner that the *Bank*, in its absolute discretion, deems appropriate, without notice to *you*. The *Bank* will have no liability for moving, disposing or storing those belongings. *You* will be responsible for all *Costs* incurred by the *Bank* in dealing with those belongings. These *Costs* will be added to the *Debt*.

(e) **Lease the Property.**

The *Bank* may take possession of the *Property* and lease it on any terms that the *Bank* determines in its discretion without notice to *you*. The *Bank* may apply the net proceeds of any lease to reduce the *Debt*. If the net proceeds do not pay all of the *Debt*, *you* must immediately pay the *Bank* the difference.

(f) **Foreclosure.**

The *Bank* may take court proceedings to foreclose *your* interest in the *Property*. If the *Bank* obtains a final order of foreclosure, *your* interest in the *Property* will belong to the *Bank* and *you* will have no further interest in the *Property*.

(g) **Judicial Sale.**

The *Bank* may ask the court to order a sale of the *Property*, under the court's supervision. If the amount the *Bank* receives from the sale of the *Property* is less than the *Debt*, *you* must immediately pay the *Bank* the difference.

(h) **Power of Sale.**

If any default continues for at least fifteen (15) days, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, or any other minimum period that may be prescribed by *Law*, the *Bank* may sell the *Property* or any part of it. Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on any terms that the *Bank* determines in its discretion. The *Bank* will apply the net proceeds of any sale to reduce the *Debt*. If the net proceeds do not pay all of the *Debt you* must immediately pay the *Bank* the difference. The exercise by the *Bank* of its power of sale does not preclude the *Bank* from any further exercise of its power of sale in accordance with this Section.

(i) **Cure any Defaults.**

The *Bank* may, but is not obligated to, cure any of *your* defaults under the *Mortgage* at *your* expense, and generally take any other steps or proceedings against *you* as are permitted by *Law*. *You* will immediately pay the *Bank* any money it spends or is obligated to spend in curing any defaults. The *Bank* may add any money it has spent curing *your* defaults to the *Debt*. In order to cure any defaults the *Bank* may enter on the *Property* as often as necessary. If the *Bank* enters the *Property* it will not be a mortgagee in possession.

5.02 Other Defaults.

The *Bank* may also exercise its remedies under this Article if any one or more of the following occurs:

(a) if the *Property* is the subject of a restraint order under the *Controlled Drugs and Substances Act* or a similar order under any *Law*;

(b) if *you* have ever used the *Property* for any purpose that is in violation of the *Controlled Drugs and Substances Act* or any similar *Law*; or

(c) if *you* have made any material misrepresentation to the *Bank* in connection with the *Mortgage* or the *Credit Documents*.

5.03 Costs of Proceedings.

The *Costs* of any sale or foreclosure proceedings, whether or not the sale or foreclosure is completed, or any *Costs* that the *Bank* incurs in taking or keeping possession of the *Property* or enforcing its remedies under the *Mortgage*, are immediately payable by *you* whether or not any actual proceeding has commenced.

5.04 Appointment of Receiver.

If *you* do not comply with any of *your Obligations*, the *Bank* may appoint a *Receiver* on any terms (including remuneration) that the *Bank* thinks are reasonable. The *Bank* may also remove any *Receiver* and appoint another *Receiver*. The following provisions apply:

(a) The *Receiver* will be *your* agent, not the *Bank*'s; *you* alone will be responsible for any of the *Receiver*'s acts or omissions. The *Bank* will not be responsible for any misconduct or negligence of the *Receiver*.

(b) Any *Receiver* may or may not be the *Bank*'s officer or employee.

(c) Appointing a *Receiver* will not constitute the *Bank* a mortgagee in possession.

(d) From the income collected, the *Receiver* may pay all *Taxes*, insurance premiums and other expenses required to keep the *Property* in good condition; pay its own fees as *Receiver*; pay all amounts required to keep any mortgages or other interests ranking in priority to the *Mortgage* in good standing; pay *Interest*; and pay all or any part of the *Debt*, whether due or not.

(e) The *Bank* is not accountable for any money received by the *Receiver* except to the extent that the *Bank* actually receives that money.

(f) The *Receiver* may do any one or more of the following:

  (i) use every right or remedy that the *Bank* has under the *Mortgage* to collect the income from the *Property*, take possession of all or part of the *Property*, manage the *Property* and keep the *Property* in good condition;

  (ii) manage any business conducted on the *Property*;

  (iii) lease all or any portion of the *Property*, and for this purpose enter into contracts in *your* name that will be binding on *you*;

  (iv) sell the *Property*;

  (v) arrange for the repair and maintenance of the *Property*; arrange to complete any construction on the *Property*; arrange for construction of leasehold improvements. The *Receiver* may register plans of subdivision and declarations and descriptions for the *Property*. The *Receiver* may also take possession of and use any materials, supplies, plans, tools or equipment on the *Property*; and

(vi) borrow money on the security of the *Property* in priority to the *Mortgage*.

(g) The rights and powers in this Section are supplemental to any other rights and powers that the *Bank* may have.

5.05 Court Appointed Receiver.

The *Bank* may ask the Court to appoint a *Receiver*, or confirm the appointment of a *Receiver*, of the *Property*. The terms of the appointment of this *Receiver* will be as the Court determines.

ARTICLE 6
MISCELLANEOUS PROVISIONS

6.01 Judgments.

If the *Bank* obtains a judgment because of *your* default in any *Obligation*, that judgment will not operate as a merger of any *Obligation* or affect the *Bank*'s right to *Interest*. Any judgment will provide that *Interest* is to be computed at the same rate and in the same manner as set out in the *Credit Documents* until the judgment is fully paid.

6.02 Costs of Dishonoured Payments.

If any cheque *you* have given the *Bank* is not honoured, or if any automatic deduction is not processed, *you* must pay the *Bank*'s then current standard administration fee for each cheque that is dishonoured or payment that is not processed. The *Bank*'s standard administration fee represents a reasonable estimate of the damages the *Bank* will suffer because the cheque is dishonoured or the payment is not processed. This sum will be added to the *Debt* from the date the cheque is dishonoured or the payment not processed.

6.03 Discharge.

When *you* have paid the *Debt* in full and performed all of *your* other *Obligations*, the *Bank* will, if requested by *you*, sign a discharge of the *Mortgage*. The *Bank* will have a reasonable time to prepare and sign the discharge or to authorize the electronic registration of a discharge. The *Costs* of registration of any discharge will be *your* responsibility. *You* will pay the *Bank*'s then current administration fee for preparing a discharge. Registration and the costs of registration of any discharge will be *your* responsibility. If the *Bank* registers the discharge, *you* will pay any government fee that the *Bank* incurs for registration.

6.04 Conflict.

If there is any conflict between the terms of the *Mortgage* and the terms of the *Commitment*, the *Commitment* will prevail. If there is any conflict between the terms of the *Mortgage* and the terms of the *Credit Documents*, the *Credit Documents* will prevail.

6.05 Notices by the Bank.

(a) Unless otherwise stated in the *Mortgage*, if the *Mortgage* allows or requires the *Bank* to make a demand on, give a notice or consent to or make a request of any person (including *you*), the *Bank* may make the demand, give the notice or consent or make the request, in any one or more of the following ways, at the *Bank*'s sole discretion:

(i) by delivering it personally to the person (if the person is a corporation, by delivering it personally to a director, officer or employee of the corporation);

(ii) by transmitting it by facsimile to the person;

(iii) by transmitting it via e-mail to the person (if the person is a corporation, by transmitting it via e-mail to a director, officer or employee of the corporation);

(iv) by mailing it by prepaid registered mail addressed to the person at the person's last known address; or

(v) by transmitting it by any other means as the *Bank Approves* in writing in advance.

(b) Unless otherwise stated in the *Mortgage*, notice will be regarded as received:

(i) when it is personally delivered to the person or to the director, officer or employee of the corporation;

(ii) on the day of the facsimile transmission or, if that day is not a *Business Day*, on the first *Business Day* after the facsimile transmission;

(iii) on the first *Business Day* after the e-mail to the person or to the director, officer or employee of the corporation;

(iv) five (5) days after the date of mailing, whether the person receives it or not; or

(v) on any other date as the *Bank* advises *you* when it advises *you* of an alternative method of notice pursuant to Paragraph 6.05(a)(v).

6.06 Notices by You.

(a) Any notice that *you* give the *Bank* must be by one of the following methods:

(i) registered mail, postage prepaid to the address on the *Mortgage*;

(ii) personal delivery to the manager of the branch of the *Bank* that administers the *Mortgage*; or

(iii) any other method that the *Bank Approves* in advance.

(b) Unless otherwise agreed to by *you* and the *Bank* notice will be deemed to be received:

(i) five (5) days after mailing by registered mail;

(ii) when personally delivered to the branch manager; or

(iii) on any other date the *Bank* advises *you* when it advises *you* of an alternative method of notice.

6.07 Number.

Words in the singular include the plural and words in the plural include the singular.

6.08 Who is Bound.

The *Mortgage* is binding on *you, your* legal and personal representatives, *your* heirs, *your* successors and *your* assigns. The *Mortgage* is binding on the *Bank*, on its successors and on anyone to whom the *Bank* may transfer the *Mortgage*.

6.09 Consents and Disclosure.

(a) *You* consent to the *Bank* transferring, selling or assigning the *Debt*, the *Mortgage* and all of its rights under the *Mortgage*;

(b) If the *Bank* does so, it may disclose information about *you*, the *Mortgage* and the *Debt* to anyone to whom the *Bank* transfers, sells or assigns its rights;

(c) The *Bank* may also disclose information about *you*, the *Mortgage* and the *Debt* to an insurer or other third party from whom the *Bank* may obtain benefits that protect its security;

(d) *You* consent to insurers and other third parties that provide benefits or services to the *Bank* for the *Mortgage* obtaining information about *you* from credit bureaus and other lenders to evaluate *you* and the *Mortgage*.

6.10 Partial Invalidity.

If any provision of the *Mortgage* is found to be invalid or unenforceable, the validity and enforceability of all other provisions in the *Mortgage* will not be affected.

6.11 Liability.

If two or more persons are liable under the *Mortgage* their liability is both joint and several (that is, they are each liable for the full performance of all *Obligations*).

6.12 Telephone Calls.

You agree that the *Bank* may tape any telephone calls to ensure quality service and to confirm *your* discussions with the *Bank* and any of its employees.

6.13 Governing Law.

The *Mortgage* shall be governed by the *Laws* of Ontario and the applicable federal *Laws* of Canada. *You* submit to the jurisdiction of the courts of Ontario with respect to the *Mortgage*.

6.14 Statute References.

A reference in the *Mortgage* to a statute includes the statute as it may be amended and any replacement or substitute statute.

ARTICLE 7
DEFINITIONS

7.01 Definitions.

In this set of Standard Charge Terms and in any *Mortgage* incorporating these Standard Charge Terms, the following words have the following meanings:

> "*Approved*" means agreed to in writing or by another method that the *Bank* may make available. "*Approve*", "*Approves*" and "*Approval*" have corresponding meanings.
>
> "*Bank*" means The Toronto-Dominion *Bank*, the mortgagee or chargee under the *Mortgage*.
>
> "*Business Day*" means a day other than a Saturday, a Sunday or a statutory holiday observed in the Province of Ontario.
>
> "*Commitment*" means a document *Approved* by both *you* and the *Bank* in which the *Bank* commits to providing *you* with mortgage financing, including an advance, a loan or a line of credit, which sets out the terms of that mortgage financing and which includes the disclosure of the cost of borrowing mandated by the *Bank Act* (Canada).
>
> "*Common Expenses*" means the expenses related to the performance of the objects and duties of the *Condominium Corporation* and all expenses specified as common expenses in the *Condominium Act* or in the *Declaration*.

"*Condominium Act*" means the *Condominium Act*, 1998, S.O. 1998, c. 19 (as amended or replaced).

"*Condominium Corporation*" means the condominium corporation that was created by the registration of the *Declaration* and the *Description* on land of which the *Property* is a part.

"*Convey*" means sell, convey, dispose of, transfer or lease, or enter into an agreement to sell, convey, dispose of, transfer or lease (whether by operation of law or otherwise); "*Conveyed*" has a corresponding meaning.

"*Costs*" means all of the fees, costs, charges and expenses relating to:

(i) the *Approval*, preparation, execution and registration of the *Mortgage*, any document connected with the *Mortgage* and any amendment, discharge or transfer of the *Mortgage*;

(ii) any amounts the *Bank* is entitled to charge *you* or pay on *your* behalf under the *Mortgage*;

(iii) any expenses that the *Bank* incurs in enforcing any of its remedies under the *Mortgage*;

(iv) any charges of a municipality or other taxing authority for providing the *Bank* with information on *Taxes* or imposed because the *Bank* (rather than *you*) is paying *Taxes*;

(v) any inspection of the *Property*;

(vi) any environmental testing, site assessment, investigation, study or inspection of the *Property*;

(vii) all repairs made to the *Property*;

(viii) having to take possession and secure, complete and equip any buildings, structures or improvements on the *Property*, including completing construction of the *Property*;

(ix) the renewal of any leasehold interest;

(x) the cost of any *Receiver*;

(xi) any expenses incurred in removing a construction lien from title to the *Property*, obtaining a discharge of a construction lien or defending a construction lien action relating to the *Property*;

(xii) any mortgage insurance or title insurance; and

(xiii) all lawyers' fees and disbursements (including those of the *Bank*'s in-house lawyers) in any way relating to items (i) through (xii) on a full indemnity basis.

"*Credit Documents*" means documents *Approved* by *you* and the *Bank* that relate to *Debt*. *Credit Documents* include promissory notes, line-of-credit agreements, loan agreements, guarantees, any other documents that *you* have agreed will be secured by the *Property* and any amendments or renewals of those documents.

"*Debt*" means all present and future amounts owing by *you* to the *Bank*, including *Interest*, pursuant to a line of credit agreement, loan agreement, guarantee or any other document that *you* have agreed will be secured by the *Property*. Without limiting the previous sentence, *Debt* includes any debt, past, present or future, direct or indirect, absolute or contingent, matured or not, remaining unpaid by *you* to the *Bank*, in any currency, whether arising from dealings between *you* and the *Bank* or from any other dealings or proceedings by which the *Bank* may in any manner be or become *your* creditor, however incurred, whether incurred by *you* alone or with others and whether as principal or as surety.

"*Declaration*" means the declaration that was registered pursuant to the *Condominium Act* or any predecessor legislation to create the *Condominium Corporation*.

"*Description*" means the description registered pursuant to the *Condominium Act* or any predecessor legislation.

"*Guarantor*" means each guarantor described in the *Mortgage* or who signs a written document, agreeing to be responsible for all or some of *your Obligations* and agreeing to be bound by the terms of either or both of the *Mortgage* and the *Credit Documents*.

"*Interest*" means all the interest owing from time to time under the *Mortgage* or the *Credit Documents*, calculated at the applicable *Interest Rate*.

"*Interest Rate*" means the interest rate or rates set out in the *Credit Documents*.

"*Law*" means any law, statute, rule, requirement, demand, order, direction, code, guideline, ordinance, by-law, policy or regulation of any government, governmental authority or agency.

"*Lease*" means any lease, sublease or agreement to lease that gives *you your* interest in the *Property* as a tenant, lessee, subtenant or sublessee.

"*Leased Property*" means *your* leasehold interest in the *Property* under a *Lease*.

"*Mortgage*" means, for the non-electronic paper based registration system, the mortgage or charge of the *Property* signed by *you* in the Form 2 Charge/Mortgage of Land and any schedules attached to it or, for the electronic registration system, the mortgage or charge of the *Property* given by *you* to the *Bank* pursuant to *your* signed authorization and direction, and prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act* of Ontario. "*Mortgage*" also includes all schedules, amendments and these Standard Charge Terms.

"*Obligations*" means all of the obligations that *you* have agreed to perform and all of the promises *you* have made under the *Mortgage* and the *Credit Documents*.

"*Principal Amount*" means the original principal that is indicated in the *Mortgage*.

"*Property*" means all or any part of (i) the lands described in the *Mortgage*, (ii) any buildings or structures now on those lands or added to those lands at any time and (iii) anything now or later attached or fixed to those lands, buildings or structures.

"*Purchaser*" has the meaning set out in Section 3.01.

"*Receiver*" means a person appointed by the *Bank* or a Court to collect income from and manage the *Property*; "*Receiver*" includes a receiver and a receiver and manager.

"*Taxes*" means all present and future realty taxes, rates and assessments of any nature or kind on the *Property* and includes interest and penalties.

"*You*" means each of the persons indicated as chargors or mortgagors in the *Mortgage* and anyone else who is bound by the *Mortgage* under Section 6.08. "*Your*" has a corresponding meaning.

Dated the 25th day of November, 2005

Bruce Salvatore

Bruce Salvatore
Solicitor for The Toronto-Dominion Bank

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200539 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200540 Cote
Filing Date 8th Dec. 2005 Date de Dépôt
Page 1 of/de 33 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

STANDARD CHARGE TERMS
THE TORONTO-DOMINION BANK

Land Registration Reform Act

The following set of Standard Charge Terms will be deemed to be included in every *Mortgage* in which this set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act*.

While these Standard Charge Terms use common words, some words have a precise, particular meaning. These words are italicized. Definitions of the italicized words that are used in these Standard Charge Terms may be found in Article 11. All other words have their ordinary meanings.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200540 Cote

PART A – GENERAL PROVISIONS
(Applicable to all Mortgages)

ARTICLE 1
CHARGE AND PROMISES

1.01 You Give your Property as Security.

In return for the *Bank* agreeing to loan money to *you* or to loan money to someone else when *you* guarantee payment, *you* agree as follows:

(a) if *you* are the owner of the *Property*, *you* charge *your* entire interest in the *Property* to the *Bank*;

(b) if the *Property* includes *Leased Property you* charge the *Leased Property* to the *Bank* as security as set out in Article 8.02;

(c) the *Mortgage* is given to secure repayment of all existing and future advances, loans or lines of credit from the *Bank* to *you*, to secure any existing and future guarantees that *you* provide to the *Bank* and to secure *your* performance of all of the *Obligations*. .

1.02 Your Promises to the Bank.

You promise and confirm that:

(a) *you* will pay all of the *Debt* to the *Bank* and perform all of the other *Obligations* as provided in the *Mortgage* and the *Credit Documents*;

(b) *you* are the lawful owner of the *Property* (unless the *Property* is *Leased Property*) and no other person owns all or part of the *Property*;

(c) *you* have the right to give the *Mortgage* to the *Bank* and charge the *Property* in favour of the *Bank*;

(d) if *you* do not pay the *Debt* to the *Bank* or perform *your* other *Obligations* as provided in the *Mortgage* and the *Credit Documents*, the *Bank* may, at its discretion, take possession of the *Property* free from any interference by *you* or anyone else living on the *Property* and free from any interests, encumbrances, limitations or restrictions other than those that the *Bank* has *Approved*;

(e) there are no limitations or restrictions to *your* title to the *Property* except those *you* have disclosed to the *Bank* in writing and the *Bank* has *Approved*;

(f) *you* will, at *your* expense, sign any other documents and take any further action that the *Bank* requests in order to ensure that *your* entire interest in the *Property* has been charged to the *Bank* and that the *Debt* is adequately secured by the *Property* and the *Mortgage*; and

(g) if the *Mortgage* is not a first mortgage on the *Property*, *you* agree not to increase the principal amount owing under any prior mortgage or to re-borrow any amount repaid under a prior mortgage without the *Approval* of the *Bank*. The *Bank* may withhold its *Approval* for any reason. *You* promise not to default under any prior mortgage. *You* consent to the *Bank* giving notice to the holder of the other mortgage of the existence of this *Mortgage* and of all of the terms of this *Mortgage* and the *Credit Documents*.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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ARTICLE 2
GENERAL PROVISIONS

2.01 Changes to Debt.

At *your* request and if the *Bank Approves*, the *Mortgage* will secure any future loans, lines of credit and advances to *you* in which the balance owing by *you* may increase or decrease from time to time and which may for periods of time have nothing owing. These future loans, lines of credit and advances will be secured by the *Mortgage* only if the *Credit Documents* indicate that they are to be secured by the *Property*. The *Mortgage* will continue to secure all of the *Debt* and *you* will continue to be liable for all of the *Debt* even if one or more of the following occurs:

(a) the *Bank* advances additional money secured by the *Mortgage* or readvances money that *you* have repaid under the *Mortgage*;

(b) the amount of the *Debt* increases or decreases, or if the *Debt* is reduced to zero and then increases;

(c) the documents that evidence the *Debt* change, or are replaced; for example if some *Credit Documents* are replaced by others – even if the new *Credit Documents* given by *you* have additional persons or fewer persons promising to pay the amount owing;

(d) the *Bank* increases or reduces the monetary amount of any credit available to *you*;

(e) the form of the *Debt* changes in any way, for example *Variable Rate Debt* or *Fixed Rate Debt* becomes *Collateral Loan Debt* or the *Mortgage* secures additional *Debt*;

(f) the *Mortgage* secures more than one type of *Debt* (for example *Fixed Rate Debt* and *Collateral Loan Debt*) or more than one type of *Collateral Loan Debt*; or

(g) the terms applicable to the *Debt* are changed, for example if the *Interest Rate* changes, if the *Debt* or a portion of the *Debt* is renewed or extended or if the *Regular Payments* change.

2.02 Application of Payments.

If *you* are in default under any of *your Obligations*, the *Bank* may apply any payments made by *you* to any one or more of *Collateral Loan Debt*, *Variable Rate Debt* and *Fixed Rate Debt* as the *Bank* may decide in its discretion.

2.03 Place of Payment.

You agree to repay the *Debt* to the *Bank* at its head office in Toronto, Ontario or any other place *Approved* by the *Bank*.

2.04 Time of Payment.

Any payment that is due on a day that is not a *Business Day* must be made on the *Business Day* immediately preceding the due date. The *Bank* will consider payments received after 2:00 p.m. (Eastern Standard Time or Eastern Daylight Time, as applicable) to have been made on the next *Business Day*.

2.05 Method of Payment.

The *Bank* may require that *you* give it:

(a) a written authorization to deduct automatically any payments due under the *Mortgage*, including payments of *Taxes*, from an account set up by *you* with the *Bank* or a financial institution *Approved* by the *Bank*; or

(b) a series of post-dated cheques for any payment, including payments of *Taxes* required under the *Mortgage*.

2.06 Failure to Pay or Perform Obligations.

If *you* fail to pay any part of the *Debt* when it is due or if *you* do not perform any of *your Obligations* when required, then, at the *Bank's* option, all of the *Debt* will immediately become payable. If the *Mortgage* secures more than one type of *Debt* (for example *Fixed Rate Debt* and *Collateral Loan Debt*) default under any type of *Debt* will constitute default under all types of *Debt* and the *Bank* will be able to exercise all of the remedies set out in Article 9 for all types of *Debt*. If *you* default under any prior mortgage (as mentioned in Section 1.02(g)), that default will be a default under the *Mortgage*.

2.07 Costs.

All *Costs* incurred by the *Bank* will be immediately payable by *you*, bear *Interest* at the highest *Interest Rate* and form part of the *Debt*. See Article 11 for the definition of *Costs*.

2.08 Deductions from Advances.

The *Bank* may deduct from any advance under the *Mortgage*:

(a) any *Taxes* that are due;

(b) any *Interest* due under the *Mortgage*;

(c) all legal fees and disbursements (and applicable taxes) for preparing and registering the *Mortgage*; and

(d) any *Costs* relating to the *Approval*, preparation or registration of the *Mortgage* or the *Credit Documents* (including fees for mortgage insurance and title insurance).

2.09 Advances under the Mortgage.

The *Bank* may decide, for any reason, that it will not advance all or any part of the *Original Principal Amount* even if the *Mortgage* has been registered and whether or not any part of the *Original Principal Amount* has previously been advanced to *you*. Even though the *Bank* has not advanced any money, the *Mortgage* will still secure *Costs*.

ARTICLE 3
COLLATERAL LOAN MORTGAGES

3.01 When This Article Applies.

The provisions in this Article apply if the *Mortgage* at any time secures *Collateral Loan Debt*. If the *Mortgage* secures *Collateral Loan Debt* and *Fixed Rate Debt* or *Variable Rate Debt*, the provisions of this Article apply only to the *Collateral Loan Debt*.

3.02 Repayment.

(a) *You* will pay the *Collateral Loan Debt* to the *Bank* on demand.

(b) *You* will pay *Interest* to the *Bank* on the *Collateral Loan Debt* at the interest rate and on the terms set out in the *Credit Documents*.

(c) If any payment is late, *you* will pay the *Bank* additional *Interest* as set out in the *Credit Documents*.

3.03 Prepayment.

The *Collateral Loan Debt* may only be prepaid as set out in the *Credit Documents*.

3.04 Other Terms.

Other terms applicable to the *Mortgage* and the *Collateral Loan Debt* are set out in the *Credit Documents*.

PART B – VARIABLE RATE MORTGAGES
(Applicable to Variable Rate Mortgages)

ARTICLE 4
MORTGAGES WITH A VARIABLE INTEREST RATE

4.01 When This Article Applies.

The provisions of this Article apply if the *Mortgage* initially secures *Variable Rate Debt*. If the *Mortgage* secures *Variable Rate Debt* and *Collateral Loan Debt*, the provisions of this Article apply only to the *Variable Rate Debt*. A schedule to the *Mortgage* will indicate if the *Mortgage* secures *Variable Rate Debt*.

4.02 Repayment.

(a) On the *Interest Adjustment Date you* will pay *Interest* to the *Bank* at the *Variable Interest Rate* on all amounts advanced, calculated from the date of each advance to but excluding the *Interest Adjustment Date*.

(b) After the *Interest Adjustment Date you* will pay the *Bank* the *Variable Rate Principal Amount* together with *Interest* at the *Variable Interest Rate* on the *Variable Rate Principal Amount* calculated from the *Interest Adjustment Date*. *You* will repay these amounts in *Regular Payments* beginning on the *First Payment Date* and continuing on each *Payment Date* until the *Balance Due Date*. On the *Balance Due Date you* will pay the balance of the *Variable Rate Debt*.

(c) If the amount of any *Regular Payment* is less than the *Interest* on the *Variable Rate Debt* due for any *Interest Period*, *Deferred Interest* for that *Interest Period* will be added to the *Variable Rate Principal Amount* and then bear *Interest* at the *Variable Interest Rate*.

(d) If a *Regular Payment* is late *you* will pay *Late Interest*.

(e) *You* will continue to pay *Interest* at the *Variable Interest Rate* until all of the *Variable Rate Debt* has been repaid.

4.03 Changes in the Variable Interest Rate.

The *Variable Interest Rate* will change with any change in the *Mortgage Prime Rate*. If the *Bank* changes the *Mortgage Prime Rate*, the *Bank* may send *you* notice of the new *Variable Interest Rate*, but if the *Bank* fails to do so *you* will still be liable to make all payments when due under the *Mortgage* at the new *Variable Interest Rate*. These notices form a part of the *Mortgage*. A change in the *Variable Interest Rate* will become effective on the day that the *Mortgage Prime Rate* changes.

4.04 Table of Interest Rates.

The *Bank* calculates the *Variable Interest Rate* monthly, not in advance. The Appendix contains a table setting out sample *Variable Interest Rate*s calculated monthly, not in advance, together with the equivalent interest rates calculated half-yearly not in advance. This table is for information purposes.

4.05 Interest on Late Payments (Compound Interest).

If any *Regular Payment* is late, the *Bank* will calculate *Late Interest* every day at the *Variable Interest Rate* on the full amount that is late. *You* agree to pay this *Late Interest*. The *Bank* will add *Late Interest* to the *Debt* at the end of each *Interest Period*.

4.06 Application of Regular Payments.

When the *Bank* receives a *Regular Payment*, the *Bank* will first apply it to *Late Interest,* if any. Next the *Bank* will apply it to *Interest* (other than *Deferred Interest*) on the *Variable Rate Principal Amount*. Finally, the *Bank* will apply any remaining part of the *Regular Payment* to reduce the *Variable Rate Principal Amount*. The *Bank* may also decide to apply a late *Regular Payment* to other amounts *you* may owe, for example *Taxes* in any order the *Bank* determines.

Example. The example set out below will help to determine:

(a) the approximate amount of each *Regular Payment* that will be applied to *Interest* owing; and

(b) either:

  (i) the amount of each *Regular Payment* that may be applied to reduce the *Variable Rate Principal Amount*; or

  (ii) the amount of *Deferred Interest*.

The following calculations are for illustration only and do not reflect the particulars of *your Mortgage*.

Formula. The following formula will help to calculate the *Interest* on the *Variable Rate Principal Amount* for any *Interest Period* to determine approximately how the *Bank* will apply a *Regular Payment*.

$$\text{Variable Rate Principal Amount} \times \frac{\text{Variable Interest Rate}}{100} \times \frac{\text{Number of days in the Interest Period}}{365}$$

Interest is calculated from and including the first date of an *Interest Period* to and including the last day of that *Interest Period*.

Calculation. Here is an example of how to calculate *Interest*:

(c) The *Variable Rate Principal Amount* from January 1 to January 31 is $50,000. The *Variable Interest Rate* on January 1 was 13% per annum. The *Payment Date* is February 1.

(d) In calculating *Interest* from January 1 to January 31, include January 1 and include January 31 so the number of days is 31.

$$\$50{,}000 \times \frac{13}{100} \times \frac{31}{365} = \$552.05$$

(e) The total *Interest* from January 1 to January 31 is approximately $552.05.

(f) Assume that the amount of each *Regular Payment* is $575. The *Bank* would apply the February 1 payment as follows:

Interest from January 1 – January 31	$552.05
Amount applied to reduce the *Variable Rate Principal Amount*	22.95
	$575.00

(g) If the amount of each *Regular Payment* were only $500.00, all $500 would be applied to reduce the *Interest* owing; the unpaid *Interest* of $52.05 would be *Deferred Interest* that would be added to the *Variable Rate Principal Amount*.

4.07 Prepayment for Open Mortgages.

If the portion of the *Mortgage* securing *Variable Rate Debt* is open for prepayment and if *you* have performed all of *your Obligations* to date then *you* may prepay all or part of the *Variable Rate Principal Amount* on any *Payment Date* without notice or additional charge, other than the following administration fees. If *you* prepay the *Variable Rate Principal Amount* in full before the first anniversary of the *Interest Adjustment Date*, *you* must pay an administration fee of $500.00 with the prepayment. If *you* prepay the *Variable Rate Principal Amount* in full before the second anniversary of the *Interest Adjustment Date you* must pay an administrative fee of $250.00 with the prepayment. If *you* make a partial prepayment *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Variable Rate Debt* is paid.

4.08 Prepayment for Closed Mortgages.

If the portion of the *Mortgage* securing *Variable Rate Debt* is closed to prepayment and if *you* have performed all of *your Obligations*, *you* may do one or more of the following:

(a) Each calendar year *you* may prepay up to fifteen per cent (15%) of the original *Variable Rate Principal Amount*, but not less than $100.00, without charge. This prepayment privilege is not cumulative from year to year. If the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year. This prepayment privilege cannot be used in combination with the prepayment privilege in subsection 4.08(c).

(b) Once each calendar year, on any *Payment Date*, on written notice, *you* may increase the amount of *your Regular Payments*, without charge, provided that the total of all increases does not exceed one hundred per cent (100%) of the *Regular Payment* originally indicated in the *Mortgage*. If *you* have increased *your Regular Payments*, then on written notice, without charge, *you* may later decrease each *Regular Payment* to an amount not less than the original *Regular Payment* indicated in the *Mortgage*.

(c) On any *Payment Date you* may prepay all or any part of the *Variable Rate Principal Amount* on payment of an amount equal to three (3) months' interest at the then current *Variable Interest Rate*, on the amount *you* prepay. When *you* make a prepayment under this subsection, any portion of the amount *you* are still entitled to prepay under subsection 4.08(a) will not be deducted from the amount *you* prepay under this subsection when the three (3) months' interest is calculated.

If *you* make a partial prepayment, *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Variable Rate Debt* is paid.

4.09 Prepayment of Renewed or Extended Mortgages.

The prepayment provisions set out in this Article are only available during the original *Term*. If the terms of the *Mortgage* are renewed or extended, *you* may only use the prepayment provisions set out in the *Renewal Agreement*.

4.10 Trigger Point Amount

(a) Since *your Regular Payments* do not change if the *Variable Interest Rate* increases, it is possible that *your Regular Payments* will not be enough to pay the *Interest* due in any given *Interest Period*. If this occurs, the *Variable Rate Principal Amount* will increase by the amount of the *Deferred Interest*. If the amount of the *Variable Rate Principal Amount* increases to a certain limit (referred to as the *Trigger Point Amount*), then *you* will have to take one of the actions set out in this Section.

(b) *Mortgages* that are not *Insured Mortgages*

If *your Mortgage* is not an *Insured Mortgage*, and if at any time the *Variable Rate Principal Amount* plus *Deferred Interest* exceeds the *Trigger Point Amount*, the *Bank* may give *you* notice of the *Excess*. Within thirty days after receiving the notice *you* must do one of the following:

(i) make a payment to the *Bank* at least equal to the *Excess*; or

(ii) satisfy the *Bank* that the *Variable Rate Principal Amount* plus *Deferred Interest* is less than seventy-five per cent (75%) of the fair market value of the *Property* as established by a qualified real estate appraiser chosen by the *Bank*, but at *your* expense.

(c) *Insured Mortgages*

If *your Mortgage* is an *Insured Mortgage* and if at any time the *Variable Rate Principal Amount* plus *Deferred Interest* exceeds the *Trigger Point Amount*, the *Bank* may give *you* notice of the *Excess*. Within thirty days after receiving the notice *you* must do one of the following:

(i) make a payment to the *Bank* at least equal to the *Excess*;

(ii) convert the *Variable Interest Rate* to a *Fixed Interest Rate* as set out in Section 4.11; or

(iii) increase each *Regular Payment* to an amount sufficient to amortize the *Variable Rate Principal Amount* plus *Deferred Interest* over the remaining amortization period at the time of the increase on terms *Approved* by the *Bank*.

(d) Default

If *you* do not do what is required by paragraphs (b) or (c) above (whichever is applicable) the *Bank* has the option of demanding repayment of the *Variable Rate Debt* and exercising its remedies under the *Mortgage*.

(e) In this Section the following words have the following meanings:

(i) "*Excess*" means the *Principal Amount* plus *Deferred Interest* less the *Trigger Point Amount*.

(ii) "*Trigger Point Amount*" means, at any time,

(A) for *Mortgages* that are not *Insured Mortgages*, seventy-five per cent (75%) of the value of the *Property* as determined by the *Bank* at the time the *Bank Approved* the *Mortgage* (with or without an appraisal of the *Property*); or

(B) for *Insured Mortgages*, one hundred and five per cent (105%) of the original *Variable Rate Principal Amount*.

4.11 Changing from a Variable Interest Rate to a Fixed Interest Rate.

If *you* have performed all of *your Obligations* to date, then *you* may take one of the following options:

(a) If the *Variable Rate Debt* is open for prepayment, *you* may convert the *Variable Interest Rate* to a *Fixed Interest Rate* for a term that *you* select and the *Bank Approves*. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the term that is closest to the remainder of the *Term* and the *Principal Amount* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*.

(b) If the *Variable Rate Debt* is closed to prepayment, *you* may convert the *Variable Interest Rate* to a *Fixed Interest Rate* for a term that *you* select and the *Bank Approves*. *You* must select a new *Term* that extends beyond the *Balance Due Date*. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the term selected and the *Principal Amount* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*.

If *you* have selected either of the options in paragraphs (a) or (b) above, *you* agree to execute an *Amendment* setting out these new terms.

PART C - FIXED RATE MORTGAGES
(Applicable to Fixed Rate Mortgages)

ARTICLE 5
MORTGAGES WITH A FIXED INTEREST RATE

5.01 When This Article Applies.

The provisions of this Article apply if the *Mortgage* initially secures *Fixed Rate Debt*. If the *Mortgage* secures *Fixed Rate Debt* and *Collateral Loan Debt*, the provisions of this Article apply only to the *Fixed Rate Debt*. A schedule to the *Mortgage* will indicate if the *Mortgage* secures *Fixed Rate Debt*.

5.02 Repayment.

(a) On the *Interest Adjustment Date you* will pay *Interest* to the *Bank* on all amounts advanced, calculated from the date of each advance to but excluding the *Interest Adjustment Date*.

(b) After the *Interest Adjustment Date, you* will pay the *Bank* the *Fixed Rate Principal Amount* together with *Interest* at the *Fixed Interest Rate* on the *Fixed Rate Principal Amount* calculated from the *Interest Adjustment Date*. *You* will repay these amounts in *Regular Payments* beginning on the *First Payment Date* and continuing on each *Payment Date* until the *Balance Due Date*. On the *Balance Due Date you* will pay the balance of the *Fixed Rate Debt*.

(c) If a *Regular Payment* is late *you* will pay *Late Interest*.

(d) *You* will continue to pay *Interest* at the *Fixed Interest Rate* until all of the *Fixed Rate Debt* has been repaid.

5.03 Interest on Late Payments (Compound Interest).

If any *Regular Payment* is late, the *Bank* will calculate *Late Interest* every day at the *Fixed Interest Rate* on the full amount that is late. *You* agree to pay this *Late Interest*. The *Bank* will add *Late Interest* to the *Debt* at the end of each *Interest Period*.

5.04 Application of Regular Payments.

When the *Bank* receives a *Regular Payment*, the *Bank* will first apply it to *Late Interest*, if any. Next the *Bank* will apply it to *Interest* on the *Fixed Rate Principal Amount*. Finally, the *Bank* will apply any remaining part of the *Regular Payment* to reduce the *Fixed Rate Principal Amount*. The *Bank* may also decide to apply a late *Regular Payment* to other amounts *you* may owe, for example *Taxes* in any order the *Bank* determines.

Example. The example set out below will help to determine:

(a) the approximate amount of each *Regular Payment* that will be applied to *Interest* owing; and

(b) the amount of each *Regular Payment* that may be applied to reduce the *Fixed Rate Principal Amount*.

The following calculations are for illustration only and do not reflect the particulars of *your Mortgage*.

Formula: The following formula will help to calculate the *Interest* on the *Fixed Rate Principal Amount* for any *Interest Period* to determine approximately how the *Bank* will apply a *Regular Payment*.

$$\textit{Fixed Rate Principal Amount} \quad \text{X} \quad \frac{\textit{Fixed Interest Rate}}{100} \quad \text{X} \quad \frac{\text{Number of days in the } \textit{Interest Period}}{365}$$

Interest is calculated from and including the first date of an *Interest Period* to and including the last day of that *Interest Period*. However, note that the *Fixed Interest Rate* is expressed to be calculated half-yearly. Because the *Fixed Interest Rate* is expressed to be calculated half-yearly and the following example uses a monthly calculation period, the result of applying the formula will only be approximate. The actual amount of *Interest* will be slightly lower.

Calculation. Here is an example of how to calculate *Interest*:

(c) The *Fixed Rate Principal Amount* from January 1 to January 31 is $50,000. The *Fixed Interest Rate* on January 1 was 9% per annum. The *Payment Date* is February 1.

(d) In calculating *Interest* from January 1 to January 31, include January 1 and include January 31 so the number of days is 31.

$$\$50{,}000 \quad \text{X} \quad \frac{9}{100} \quad \text{X} \quad \frac{31}{365} \quad = \$382.19$$

(e) The total *Interest* from January 1 to January 31 is approximately $382.19.

(f) Assume that the amount of each *Regular Payment* is $400. The *Bank* would apply the February 1 payment as follows:

Interest from January 1 – January 31	$382.19
Amount applied to reduce the *Fixed Rate Principal Amount*	17.81
	$400.00

5.05 Prepayment for Open Mortgages.

If the portion of the *Mortgage* securing *Fixed Rate Debt* is open for prepayment and if *you* have performed all of *your Obligations*, then *you* may prepay all or part of the *Fixed Rate Principal Amount* on any *Payment Date* without notice or additional charge. If *you* make a partial prepayment *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Fixed Rate Debt* is paid.

5.06 Prepayment for Closed Mortgages.

If the portion of the *Mortgage* securing *Fixed Rate Debt* is closed to prepayment and if *you* have performed all of *your Obligations*, *you* may do one or more of the following:

(a) Each calendar year *you* may prepay up to fifteen per cent (15%) of the original *Fixed Rate Principal Amount*, but not less than $100.00, without charge. This prepayment privilege is not cumulative from year to year. If the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year. This prepayment privilege cannot be used in combination with the prepayment privilege in subsection 5.06(c).

(b) Once each calendar year, on any *Payment Date*, on written notice, *you* may increase the amount of *your Regular Payments*, without charge, provided that the total of all increases does not exceed one hundred per cent (100%) of the *Regular Payment* originally indicated in the *Mortgage*. If *you* have increased *your Regular Payments*, then on written notice, without charge, *you* may later decrease each *Regular Payment* to an amount not less than the original *Regular Payment* indicated in the *Mortgage*.

(c) On any *Payment Date you* may prepay all or any part of the *Fixed Rate Principal Amount* on payment of an amount equal to the greater of (i) three (3) months' interest at the *Fixed Interest Rate* on the amount *you* prepay or (ii) the *Interest Rate Differential Amount*. When *you* make a prepayment under this subsection, any portion of the amount *you* are still entitled to prepay under subsection 5.06(a) will not be deducted from the amount *you* prepay under this subsection when the three (3) months' interest or the *Interest Rate Differential Amount* is calculated.

(d) "*Interest Rate Differential Amount*" means the amount of interest, calculated at the *Differential Interest Rate* on the amount of *Fixed Rate Debt* that *you* prepay, for the remaining *Term*. The "*Differential Interest Rate*" is the difference between (A) the *Fixed Interest Rate* and (B) the current interest rate for a *Similar Mortgage*. There will only be a *Differential Interest Rate* when the *Fixed Interest Rate* is higher than the current interest rate for a *Similar Mortgage*. A "*Similar Mortgage*" is a *Mortgage* offered by the *Bank* that has a fixed interest rate and a term closed to prepayment that is closest to the remainder of the *Term*. The current interest rate for a *Similar Mortgage* is the *Bank's* non-discounted posted rate less any rate reduction or discount received by *you* for the *Fixed Rate Debt*, and is determined on the earlier of the date of the prepayment or the date the *Bank* issues a valid discharge statement. If the *Fixed Rate Debt* has been re-financed and additional funds advanced using a blended rate of interest (including advances under the *Bank's* portability provisions), then the rate reduction will be the weighted average, based on the dollar amount, of the most recent rate reduction or discount received by *you* prior to the re-financing and the rate reduction on any additional funds advanced at the time of the re-financing.

If *you* make a partial prepayment, *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Fixed Rate Debt* is paid.

5.07 If You Move (Portability).

(a) If *you* own or purchase another property and

  (i) *you* have performed all of *your Obligations*; and

  (ii) *you* complete a new mortgage loan application that the *Bank Approves*,

then *you* may request the *Bank* to discharge the *Mortgage* on the *Property* and transfer the *Fixed Rate Debt* to the other property to be secured by a new mortgage.

(b) If *you* take advantage of the option in Subsection 5.07(a) then the following provisions also apply:

(i) The *Fixed Interest Rate* and *Balance Due Date* will continue to apply to the outstanding *Fixed Rate Debt* secured by the new mortgage.

(ii) The *Bank* will require the new mortgage to be registered. The new mortgage will secure the outstanding *Fixed Rate Debt* and must be the only mortgage or charge on the other property.

(iii) *You* will pay all of the *Bank's* expenses that relate in any way to the new mortgage.

If there are several mortgagors, then only one mortgagor (or more than one if they are acting together) may use this privilege.

5.08 Prepayment of Renewed or Extended Mortgages.

The prepayment provisions set out in this Article are only available during the original *Term*. If the *Mortgage* is renewed or extended, *you* may only use the prepayment provisions set out in the *Renewal Agreement*.

5.09 Changing the Term for Six Month Mortgages.

If the *Term* is six (6) months and if *you* have performed all of *your Obligations*, then at any time before the *Balance Due Date you* may, without charge, select a new *Term* that is at least one (1) year in length. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the *Term* that *you* select. The *Mortgage* with the new *Term* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*. If *you* have selected this option, *you* agree to execute an *Amendment* setting out these new terms.

PART D - AMENDING OR EXTENDING THE MORTGAGE
(Applicable to Fixed Rate Mortgages and Variable Rate Mortgages)

ARTICLE 6
RENEWAL AND AMENDMENT PROVISIONS

6.01 General.

You may renew the *Mortgage* if the *Bank Approves*. A *Renewal Agreement* will conclusively establish any renewal or extension of the *Mortgage* as well as the terms of that renewal or extension.

6.02 Renewal Services.

The *Bank* may allow *you* to renew the *Mortgage* by telephone or on the *Bank's* web site. The *Bank* will send *you* a document confirming the renewal terms by ordinary mail. *You* agree to sign this document and return it to the *Bank*. For *your* renewal to be effective, the *Bank* must receive *your* signed *Renewal Agreement* within thirty days of the beginning of the new *Term*. If *you* do not return *your* signed *Renewal Agreement*, the *Bank* may, in reliance on *your* renewal instructions, process a new *Mortgage* payment consistent with the document sent to *you*. If *you* do not object in writing within fifteen (15) days of the *Bank* processing the new *Mortgage* payment *you* will have *Approved* the terms set out in the document, which becomes *your Renewal Agreement*.

6.03 The Bank's Renewal Right.

If on or before the *Balance Due Date you* do not (i) repay all of the *Debt*, (ii) renew or extend the *Mortgage*, (iii) give notice to the *Bank* in writing at least fifteen (15) days before the *Balance Due Date* to cease automatically debiting *Regular Payments* to *your Mortgage* account or (iv) give written notice to the *Bank* that *you* do not wish to renew or extend the *Term*, then the *Bank* has the option by giving written notice to *you* of renewing or extending the *Mortgage* for one year at a fixed interest rate on a fully open basis at the *Bank's* posted interest rate then applicable to one year open mortgages. All of the provisions contained in the offer to renew or extend mailed to *you* and the provisions of Parts A, D and E of these Standard Charge Terms applicable to one-year open mortgages will apply to the renewed or extended *Mortgage*. The provisions of the renewed or extended *Mortgage* will bind all mortgagors and all *Guarantors*.

6.04 Several Mortgagors.

You and all *Guarantors* agree that, with the *Bank's Approval*, any one mortgagor can agree to any *Amendment* or *Renewal Agreement*, and that agreement will bind all other mortgagors and all *Guarantors*. The person so agreeing is deemed to be the agent of the others.

6.05 Registration of Amendments.

You agree that any *Amendment* does not have to be registered in any land registry office. Any *Amendment* will be binding on *you*, on the *Bank*, on any transferee of the *Property* and on any person who has an interest in the *Property*. Any *Amendment* will have priority over any subsequent charge, mortgage, interest in or transfer of the *Property* to the same extent as if the *Amendment* had been registered in the appropriate land registry office before registration of any subsequent charge, mortgage, interest or transfer.

6.06 No Renewal Without the Bank's Approval.

Except as set out in Sections 6.02 and 6.03, no payment made by *you* after the *Balance Due Date* or after the end of any extension or renewal will result in any renewal or extension of the *Mortgage* unless the *Bank* has *Approved* the extension or renewal.

PART E – OTHER GENERAL PROVISIONS
(Applicable to All Mortgages)

ARTICLE 7
OTHER PROVISIONS AFFECTING THE MORTGAGE

7.01 Sale or Transfer of Property.

If *you Convey* the *Property* or any interest in the *Property* to anyone (in this Section a "*Purchaser*") and the *Purchaser* has not:

(a) applied for and received the *Bank's Approval* to assume the *Mortgage*; and

(b) signed an assumption agreement *Approved* by the *Bank*,

then the *Bank* may demand repayment of the *Debt* by notice in writing and the *Debt* will become immediately payable. The applicable prepayment provisions in Articles 3, 4 and 5 will apply to any repayment. No change in the ownership of the *Property* or any agreement between the *Bank* and a *Purchaser* will in any way affect or prejudice the *Bank's* rights against *you* or any other person liable for payment of the *Debt*. The *Bank* may enter into agreements with a *Purchaser* without notice to *you* and without *your Approval*. *You* will not be released from *your Obligations* even if the *Bank* accepts money from a *Purchaser* or if a *Purchaser* agrees with the *Bank* without notice to *you* to assume, renew, extend or amend the *Mortgage*.

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7.02 Assignment of Leases.

As additional security for *your* performance of the *Obligations*, *you* agree to assign to the *Bank* from time to time, immediately on its request, any lease of the whole or any part of the *Property*. Any assignment must be in a form acceptable to the *Bank*. *You* will deliver to the *Bank* executed copies of all leases of the *Property* at the *Bank's* request. *You* will comply with all of the landlord's obligations in any lease assigned by *you* to the *Bank*. *You* agree that none of the *Bank's* rights or remedies under the *Mortgage* will be delayed, hindered or prejudiced by these assignments.

7.03 Assignment of Rents.

You agree with the *Bank* as follows:

(a) For the purposes of this Section the term "leases" includes agreements to lease, tenancy agreements, licenses and occupancy agreements.

(b) *You* hereby assign to the *Bank* all rents payable from time to time under all present and future leases of all or any part of the *Property*; *you* also assign the *Bank* the benefit of all other tenants' obligations under those leases.

(c) As soon as *you* enter into any lease of the *Property you* will, if requested by the *Bank*, execute and deliver to the *Bank* an assignment in the *Bank's* usual form of all rents payable under that lease and the benefit of all other tenants' obligations under that lease. *You* will also execute and deliver to the *Bank* any other documents that the *Bank* determines are necessary to make the assignment effective.

(d) Nothing in the *Mortgage*, or in the assignments referred to in this Section, will make the *Bank* responsible for the collection of rents payable under any lease of the *Property* or for the performance of any other obligations in any lease.

(e) The *Bank* will not be considered a mortgagee in possession or landlord of the *Property* because of any assignment referred to in this Article.

(f) The *Bank* only has to account for rent that the *Bank* actually receives (less reasonable collection charges) and the *Bank* may apply those rents to repayment of the *Debt* in any manner that the *Bank* in its discretion determines.

7.04 Payments the Bank may Make.

The *Bank* may pay any rents or satisfy any present or future *Taxes*, mortgages, rates, charges, *Common Expenses* or other similar liabilities or interests in the *Property*. These amounts, when paid by the *Bank*, form part of the *Debt*.

7.05 Taxes.

(a) *You* will pay all *Taxes* on the *Property* promptly as they fall due. If the *Bank* requests evidence of payment of *Taxes*, *you* will immediately provide the *Bank* with evidence satisfactory to the *Bank* that *you* have paid all *Taxes*. If *you* do not provide the *Bank* with this evidence the *Bank* may obtain it directly from the municipality or other taxing authority. Any charge the *Bank* incurs to obtain this evidence will be added to the *Debt* and is payable by *you* immediately. *You* hereby authorize the municipality to release all tax information on the *Property* to the *Bank*.

(b) If a portion of the *Debt* is *Fixed Rate Debt* or *Variable Rate Debt* then the following provisions apply:

(i) The *Bank* may pay out of any advance any *Taxes* payable at the date of that advance or due within the calendar year.

(ii) If the *Bank* requires,

(A) *you* agree to pay the *Bank* on each *Payment Date* an amount the *Bank* estimates will be required to provide funds sufficient to pay all *Taxes* for the year by the time the *Bank* remits the *Taxes*. The *Bank* may pay the *Taxes* at any time or times as it sees fit.

(B) The *Bank* may re-estimate *your Taxes* from time to time. *You* will pay any additional amounts required because of a re-estimate. *You* will provide the *Bank* with all tax bills and other notices relating to *Taxes* on the *Property* immediately after *you* receive them. The *Bank* may obtain these directly from the municipality or other taxing authority. Any charges the *Bank* incurs to obtain these items will be added to the *Debt* and are payable by *you* immediately.

(C) As long as the *Bank* requires *you* to make tax payments under this Section, and as long as *you* have performed all of *your Obligations*, the *Bank* agrees to pay from the *Tax Account* all *Taxes* as they fall due or at any time the *Bank* thinks fit to the extent that there are sufficient funds in the *Tax Account*. If the amount in the *Tax Account* is insufficient, the *Bank* may, at its option, either debit to the *Tax Account* or add to the *Debt* the amount by which the *Tax Account* is insufficient.

(D) Any debit balance in the *Tax Account* will bear *Interest* at the highest *Interest Rate* payable under the *Mortgage* and will form part of the *Debt*. The *Bank* does not have to pay interest on any credit balance in the *Tax Account*.

(E) If at any time the *Taxes* that the *Bank* has paid exceed the amount *you* have paid under this Section, *you* will immediately, on the *Bank's* request, pay the *Bank* that difference.

(F) The *Bank* is not a trustee of the *Tax Account*.

(iii) If *you* fail to perform any of *your Obligations*, any payments made by *you* under this Section may at the *Bank's* option be either credited to the *Tax Account* or applied against the *Debt*.

7.06 Repair and Maintenance of the Property.

You agree as follows:

(a) *You* will keep the *Property* in good condition and repair and *you* will not do anything that will diminish the value of the *Property*.

(b) *You* will not change the use of the *Property*.

(c) The *Bank* or any insurer of the *Mortgage* may, whenever they deem it necessary, enter and inspect the *Property* and conduct any environmental testing, site assessment, investigation or study that the *Bank* or any insurer thinks is necessary. *You* will pay the *Bank* on demand the reasonable *Costs* of those inspections, investigations, assessments, studies and testing.

(d) *You* will promptly, at *your* own cost, comply with all *Laws* concerning the *Property*. At *your* own cost *you* will make all improvements or alterations to the *Property* that may be required at any time by any *Law*.

7.07 The Bank's Rights During Construction.

(a) Before commencing any construction on the *Property you* will have all plans and specifications *Approved* by the *Bank*.

(b) If at any time

(i) any construction on the *Property* remains unfinished and without any work being done on it for more than ten (10) consecutive days;

(ii) *you* deviate from any plans that have been *Approved* by the *Bank*;

(iii) *you* deviate from the generally accepted local standards of construction; or

(iv) *you* allow a construction lien to be registered against the *Property* for more than thirty (30) days,

then the *Bank* may, without becoming a mortgagee in possession, enter the *Property* and do all work necessary to protect the *Property* from deterioration. The *Bank* may complete any construction on the *Property* in accordance with plans and specifications that have been *Approved* by the *Bank* or otherwise as the *Bank* in its discretion determines. In completing construction the *Bank* may use and have exclusive possession of all materials and equipment on the *Property* without any interference from *you*. The *Bank* may also pay the amount of any lien and add that amount to the *Debt*.

7.08 Insurance.

(a) As long as there is any *Debt* outstanding, *you* will, at *your* expense, take out and keep in force insurance on the *Property*. *You* will keep the *Property* insured against loss or damage in an amount equal to not less than one hundred percent (100%) of the full replacement value of the *Property* pursuant to a mortgage endorsement in favour of the *Bank* issued by *your* insurer for the *Property*. The risks against which *you* must insure include fire, extended perils, tempest, tornado, cyclone, lightning, wind, storm, hail, explosion, riot, impact by aircraft or vehicle, smoke damage, other risks covered by a standard extended coverage insurance policy and any other risks and hazards that the *Bank* may from time to time require. *You* will ensure that the *Bank* is sent copies of all notices sent to *you* about this insurance. If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* takes out and keeps this insurance in force.

(b) As long as there is any *Debt* outstanding, if a sprinkler system, a steam boiler or any apparatus operating or operated by steam is installed in or operated on the *Property*, *you* will insure the buildings on the *Property* against loss or damage caused by any bursting, explosion or defect in the sprinkler system, boiler or apparatus to the full replacement value of the *Property*.

(c) All insurance policies must provide that any loss will be payable to the *Bank* as its interest may appear and must contain the standard mortgage clause *Approved* by the *Bank*.

(d) The *Bank* may require any insurance on the *Property* to be cancelled and new insurance taken out with an insurance company *Approved* by the *Bank* (and *Approved* by the landlord under the *Lease* if the *Property* is a *Leased Property* and if required by the *Lease*). The *Bank* may, without consulting *you*, take out any insurance on the *Property* if the *Bank* has not received proof of coverage satisfactory to it. The premiums for this insurance will be added to the *Debt*.

(e) *You* agree that *you* will deliver certificates of insurance or, if required by the *Bank*, certified copies of insurance policies as soon as possible after placing the required insurance.

(f) All policies must contain an undertaking by the insurer to notify the *Bank* in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination of any policy.

(g) If *you* fail to take out or to keep in force any insurance policy, or if any insurance policy is not *Approved* by the *Bank*, and if *you* do not rectify the situation within seven (7) days after written notice from the *Bank*, the *Bank* may, without consulting *you*, take out insurance at *your* expense. If *you* have failed to meet any of *your Obligations*, the *Bank* may charge *you* the cost of insuring the *Property* under an individual or a blanket insurance policy issued to the *Bank*. The *Bank* is under no obligation to insure the *Property* or to insure the *Property* for more than the *Debt*. However, if the *Bank* does take out additional insurance, it will be at *your* expense.

(h) If the *Bank* pays any premiums for insuring the *Property*, the amount of any payments will be added to the *Debt* and will be payable immediately.

(i) When the *Bank* requests it, *you* will provide the *Bank* with satisfactory evidence of the insurance required under this Section and proof that the premiums for that insurance have been paid. *You* must also provide the *Bank* with satisfactory evidence of the renewal of all insurance policies at least fifteen (15) days before the termination of each policy.

(j) The *Bank* in its discretion may require that all insurance proceeds be paid to the *Bank*, to *you* or to any other person appearing by the records of the Land Registry Office to be or to have been the owner of the *Property*. The proceeds may also be paid partly in one way and partly in another, or they may be applied, in the *Bank's* sole discretion, in whole or in part to repay the *Debt* even if the *Debt* is not yet due. The *Bank* may in its discretion instead require that the insurance proceeds be applied to rebuilding or repairing the *Property*. If the *Property* is a *Leased Property*, the insurance proceeds will be applied to rebuilding or repairing the *Property*, if required by the *Lease*.

(k) All policies of insurance must show any loss payable (i) to the *Bank*, (ii) to a trustee *Approved* by the *Bank* pursuant to an insurance trust agreement *Approved* by the *Bank* or (iii) to both (if the *Property* is a condominium unit). The terms of any insurance trust agreement may not, once *Approved* by the *Bank*, be altered without the *Bank's* further *Approval*.

(l) The *Mortgage* also charges all insurance proceeds as security for the *Debt*. If the *Property* is a condominium unit, the *Mortgage* also charges *your* interest in the insurance trust mentioned in Subsection 7.08(k) and on any insurance proceeds relating to the *Property* held by the trustee.

(m) If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* will at all times comply with the terms of all insurance policies, the insurance provisions of the *Declaration* and any insurance trust agreement. *You* will also ensure that the insurance taken out by the *Condominium Corporation* complies with the *Obligations* of this Section. Finally, *you* will ensure that the *Condominium Corporation* assigns and delivers to the *Bank* certificates of insurance or, if required by the *Bank*, certified copies of each insurance policy, as soon as possible after placing the required insurance.

(n) If there is any loss or damage, *you* must furnish at *your* own expense all necessary proofs and do all necessary acts to enable the *Bank* to obtain payment of the

insurance proceeds. Production of the *Mortgage* will be sufficient authority for the insurer to pay any loss to the *Bank*.

(o) The insurance provisions of this Section apply to all buildings, structures and improvements on the *Property* whenever built and during construction.

7.09 Subdivision, Release and Replacement of Property.

You agree as follows:

(a) The *Mortgage* charges every part or lot into which the *Property* is or may be divided for all of the *Debt*. No person will have any right to require the *Debt* to be apportioned with respect to any part or lot.

(b) At any time before or after the *Mortgage* is registered, the *Bank* may take other security, take evidence of indebtedness or obtain additional promises of payment. None of these actions will affect the *Bank's* rights under the *Mortgage* or limit the liability of any person who is liable under the *Mortgage* or any *Guarantor*.

(c) The *Bank* may from time to time release or discharge the *Property*, any part of the *Property*, any other security the *Bank* has taken or any *Guarantor* on any terms that the *Bank* thinks proper. The *Bank* may at any time without notice to any person or without the consent of any person, make a settlement, extension or variation in the terms of any *Obligation*. No release, discharge, settlement, extension or variation in terms, nor any carelessness or neglect by the *Bank* in asserting its rights, the loss by operation of *Law* of any right the *Bank* has against *you* or any other person, or the loss or destruction of any security, will in any way release, diminish or prejudice its security against any undischarged *Property*. Similarly, no such action will release or prejudice any of the *Obligations* or release or diminish *your* liability or the liability of any *Guarantor* so long as any *Debt* remains unpaid. No security or *Guarantor* will be released or discharged except by a written release or discharge executed by the *Bank*.

7.10 Change of Control.

If *you* are a corporation and *you Convey* any interest in *your* issued and outstanding shares so that there is a change in *your* effective voting control without the *Bank's Approval*, then the *Bank* may exercise any of the remedies set out in Article 9. The *Bank's Approval* may be withheld in its unqualified subjective discretion.

7.11 Servicing Fees.

The *Bank* may charge a reasonable servicing fee to process each application for *Approval* contemplated by this Article. This servicing fee will be payable immediately upon demand and will form part of the *Debt*.

7.12 Repayment of Payments Made by the Bank.

Any payments made by the *Bank* under this Article will be added to the *Debt* and are payable by *you* immediately.

7.13 CashBack Repayment.

In addition to any other charges, if *you* prepay the *Mortgage* and *you* received a *CashBack* from the *Bank*, *you* will also pay an amount calculated as follows:

Formula.

$$\textit{CashBack}\text{ repayment} = \text{Amount of }\textit{CashBack}\text{ received} \times \frac{\text{Number of full or partial months remaining in the }\textit{Term}\text{ at the time of prepayment}}{\text{Number of months in the }\textit{Term}}$$

Example. The following example will show how to calculate the *CashBack* repayment. The following calculations are for illustration only and do not reflect the particulars of *your Mortgage*.

> If *you* received a $3,000 *CashBack*, the *Mortgage* had a *Term* of 5 years and *you* paid it off after two years (i.e. after 24 months), there would be 36 months remaining in the *Term*. The formula would then be applied as follows:
>
> $$\$3{,}000 \quad \text{X} \quad \frac{36}{60} \quad = \$1{,}800$$
>
> *You* would have to repay $1,800 to the *Bank*.

This amount will also be due if the *Bank* enforces its rights under Article 9.

ARTICLE 8
PROVISIONS FOR SPECIFIC TYPES OF PROPERTIES

8.01 Additional Promises for Leased Property.

If the *Property* is a *Leased Property*, *you* promise and confirm to the *Bank* that:

(a) *you* own *your* leasehold interest in the *Property*;

(b) *you* have the right to mortgage or charge the *Lease* and sublet the *Leased Property* to the *Bank*; if required under the *Lease*, *you* have obtained the landlord's consent to the *Mortgage*;

(c) neither *you* nor any other person has mortgaged or otherwise encumbered the *Lease* or *your* rights under the *Lease*;

(d) the *Lease* is a valid, existing lease and has not been amended except as *you* have advised the *Bank* in writing; *you* have paid the rent and performed *your* obligations under the *Lease* up to the date *you* signed the *Mortgage* and there is no default under the *Lease*;

(e) *you* will not amend, surrender or terminate the *Lease* without the *Bank's* prior *Approval*. *You* will pay the rent under the *Lease* and perform *your* obligations under the *Lease* as long as the *Debt* is outstanding. *You* will provide the *Bank* with any notice of default under the *Lease* that *you* receive. *You* will indemnify the *Bank* from all actions, claims and demands relating to defaults under the *Lease*; and

(f) *you* will assign the last day of the term of the *Lease*, or any renewal term, which *you* hold in trust for the *Bank*, as it may direct.

8.02 Additional Provisions for Leased Property.

If the *Property* is a *Leased Property*, the following provisions apply:

(a) *You* charge the *Leased Property* to the *Bank* as security only and not as a complete assignment of *your* interest. *You* sublease the *Leased Property* to the *Bank* to the extent required by *Law* for the charge to be effective for the remainder of the term of the *Lease*, except for the last day of the term of the *Lease* (including the last day of any renewal). *You* hold all other rights under the *Lease*

in trust for the *Bank*, including the last day of the term, and any right of renewal or right to purchase.

(b) *You* hereby irrevocably appoint the *Bank* as *your* agent. If there is default under the *Mortgage*, the *Bank* may, as *your* agent, assign the *Lease* and the last day of the term of the *Lease* as the *Bank* may determine in its discretion. If the *Bank* sells the *Leased Property* pursuant to Article 9, the *Bank* may assign *your* interest in the *Lease* to a purchaser. The *Bank* may at any time remove *you* or any other person from being a trustee of the *Lease* under the trust set out in Subsection 8.02(a) and appoint a new trustee in *your* place.

(c) At the *Bank's* request but at *your* cost *you* will assign to the *Bank* the last day of the term of the *Lease* or any renewal or substituted term. If the *Bank* sells the *Leased Property* under the power of sale *you* will hold the *Leased Property* and the last day of the term in trust for any purchaser.

(d) If *you* neglect or refuse to renew the *Lease* then the *Bank* may renew the *Lease* in its own name so that the *Lease* will continue to be security for the *Mortgage*.

(e) If *you* have not performed *your Obligations* for fifteen (15) days, the *Bank* may, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, assign the *Lease*. Any assignment may be on the terms set out in Subsection 9.01(h) of these Standard Charge Terms.

(f) No sale or other dealing by *you* with the *Lease* or the *Leased Property* and no extension of time given by the *Bank* to *you*, or anyone claiming under *you*, or any dealing by the *Bank* with the landlord or the *Lease*, will in any way affect or prejudice the *Bank's* rights against *you* or any other person liable to repay the *Debt*.

(g) If *you* acquire any additional interest in the *Leased Property*, then by the *Mortgage you* charge that additional interest to the *Bank* without *you* or the *Bank* having to do anything further.

8.03 Additional Promises if the Property is a Condominium Unit.

(a) *You* promise to perform all of *your* obligations under the *Condominium Act* and under the *Declaration*, the by-laws and the rules of the *Condominium Corporation*. Any breach of those obligations will constitute a default under the *Mortgage*. In addition, the following provisions apply:

   (i) *You* will pay promptly when due *your* contribution to *Common Expenses*.

   (ii) *You* will provide the *Bank* immediately on request with satisfactory evidence that all *Common Expenses* have been paid.

   (iii) The *Bank* may deduct from any advance of the *Principal Amount* the amount of *Common Expenses* that are payable and are unpaid at the date of that advance.

   (iv) If the *Bank* requests, *you* will give it copies of all notices, financial statements, reserve fund studies and other documents from time to time given to *you* by the *Condominium Corporation*.

   (v) If the *Bank* gives *you* notice, *you* will pay the amount necessary to pay *Common Expenses* to the *Bank*. The *Bank* will remit all sums to the *Condominium Corporation* on *your* behalf.

(b) *You* irrevocably authorize the *Bank* to exercise *your* right to vote or to consent in all matters relating to the affairs of the *Condominium Corporation*, provided that:

(i) the *Bank* will only exercise *your* right to vote or consent if the *Bank* has given *you* and the *Condominium Corporation* the notice required by the *Condominium Act* that the *Bank* intends to exercise this right;

(ii) the *Bank* is not under any obligation to vote or consent;

(iii) in voting or consenting the *Bank* is not obligated to protect *your* interests, but may vote or consent as the *Bank* in its discretion determines; and

(iv) if the *Bank* votes or consents the *Bank* is not a mortgagee in possession.

8.04 Additional Provisions if the Mortgage is an Insured Mortgage.

If the *Mortgage* is an *Insured Mortgage* and is insured by the Canada Mortgage and Housing Corporation,

(a) the *Mortgage* is made pursuant to the *National Housing Act* (Canada); and

(b) the definition of the interest adjustment date as mentioned in s.36(1) of the National Housing Loan Regulations will apply to all *National Housing Act* insured loans.

ARTICLE 9
ENFORCEMENT

9.01 Enforcing the Bank's Rights.

If *you* do not comply with any of *your Obligations*, the *Bank* may exercise any one or more of the remedies listed below in any order that the *Bank* chooses:

(a) **Immediate Payment.**

The *Bank* may, at its option without notice to *you*, require all *Debt* to be paid to the *Bank* immediately.

(b) **Legal Action.**

The *Bank* may take whatever legal action is necessary to collect all or part of the *Debt*. This legal action may include suing *you* for the *Debt*.

(c) **Personal Property.**

The *Bank* may enter the *Property* and distrain against (i.e. seize and sell) any personal property owned by *you* to repay all or part of the *Debt*.

(d) **Take Possession of the Property.**

The *Bank* may take and keep possession of the *Property*, collect rents from it and manage or lease the *Property* or any part of it. Before the *Bank* takes possession of the *Property*, the *Bank* can ask *you* to leave the *Property* with all *your* belongings and if *you* do not do so the Courts of Ontario will order *you* to leave. If *you* refuse to do so the Court will have *you* forcibly removed. If *you* have not removed *your* personal belongings from the *Property* before the *Bank* takes possession, *you* authorize the *Bank* to remove and dispose of *your* belongings in any manner that the *Bank*, in its absolute discretion, deems appropriate, without notice to *you*. The *Bank* will have no liability for moving, disposing or storing those belongings. *You* will be responsible for all *Costs* incurred by the *Bank* in dealing with those belongings. These *Costs* will be added to the *Debt*.

(e) **Lease the Property.**

The *Bank* may take possession of the *Property* and lease it on any terms that the *Bank* determines in its discretion without notice to *you*. The *Bank* may apply the net proceeds of any lease to reduce the *Debt*. If the net proceeds do not pay all of the *Debt, you* must immediately pay the *Bank* the difference.

(f) **Foreclosure.**

The *Bank* may take court proceedings to foreclose *your* interest in the *Property*. If the *Bank* obtains a final order of foreclosure, *your* interest in the *Property* will belong to the *Bank* and *you* will have no further interest in the *Property*.

(g) **Judicial Sale.**

The *Bank* may ask the court to order a sale of the *Property*, under the court's supervision. If the amount the *Bank* receives from the sale of the *Property* is less than the *Debt, you* must immediately pay the *Bank* the difference.

(h) **Power of Sale.**

If any default continues for at least fifteen (15) days, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, or any other minimum period that may be prescribed by *Law*, the *Bank* may sell the *Property* or any part of it. Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on any terms that the *Bank* determines in its discretion. The *Bank* will apply the net proceeds of any sale to reduce the *Debt*. If the net proceeds do not pay all of the *Debt you* must immediately pay the *Bank* the difference. The exercise by the *Bank* of its power of sale does not preclude the *Bank* from any further exercise of its power of sale in accordance with this Section.

(i) **Cure any Defaults.**

The *Bank* may, but is not obligated to, cure any of *your* defaults under the *Mortgage* at *your* expense, and generally take any other steps or proceedings against *you* as are permitted by *Law*. *You* will immediately pay the *Bank* any money it spends or is obligated to spend in curing any defaults. The *Bank* may add any money it has spent curing *your* defaults to the *Debt*. In order to cure any defaults the *Bank* may enter on the *Property* as often as necessary. If the *Bank* enters the *Property* it will not be a mortgagee in possession.

9.02 Other Defaults.

The *Bank* may also exercise its remedies under this Article if any one or more of the following occurs:

(a) if the *Property* is the subject of a restraint order under the *Controlled Drugs and Substances Act* or a similar order under any *Law*;

(b) if *you* have ever used the *Property* for any purpose that is in violation of the *Controlled Drugs and Substances Act* or any similar *Law*; or

(c) if *you* have made any material misrepresentation to the *Bank* in connection with the *Mortgage* or the *Credit Documents*.

9.03 Costs of Proceedings.

The *Costs* of any sale or foreclosure proceedings, whether or not the sale or foreclosure is completed, or any *Costs* that the *Bank* incurs in taking or keeping possession of the *Property* or

enforcing its remedies under the *Mortgage*, are immediately payable by *you* whether or not any actual proceeding has commenced.

9.04 Prepayment as a Result of Default.

Subject to any *Renewal Agreement*, if the *Bank* exercises its rights under Subsection 9.01(a) and requires immediate payment of all *Variable Rate Debt* and *Fixed Rate Debt* and the *Mortgage* is closed to prepayment, then *you* also agree to pay the following amounts:

(a) if the *Mortgage* secures *Variable Rate Debt* then *you* will pay an amount equal to three (3) months' interest at the then current *Variable Interest Rate*, on the outstanding *Variable Rate Debt*;

(b) if the *Mortgage* secures *Fixed Rate Debt* then *you* will pay an amount equal to the greater of (i) three (3) months' interest at the *Fixed Interest Rate* on the outstanding *Fixed Rate Debt* or (ii) the *Interest Rate Differential Amount* calculated on the outstanding *Fixed Rate Debt*.

9.05 Appointment of Receiver.

If *you* do not comply with any of *your Obligations*, the *Bank* may appoint a *Receiver* on any terms (including remuneration) that the *Bank* thinks are reasonable. The *Bank* may also remove any *Receiver* and appoint another *Receiver*. The following provisions apply:

(a) The *Receiver* will be *your* agent, not the *Bank's*; *you* alone will be responsible for any of the *Receiver's* acts or omissions. The *Bank* will not be responsible for any misconduct or negligence of the *Receiver*.

(b) Any *Receiver* may or may not be the *Bank's* officer or employee.

(c) Appointing a *Receiver* will not constitute the *Bank* a mortgagee in possession.

(d) From the income collected, the *Receiver* may pay all *Taxes*, insurance premiums and other expenses required to keep the *Property* in good condition; pay its own fees as *Receiver*; pay all amounts required to keep any mortgages or other interests ranking in priority to the *Mortgage* in good standing; pay *Interest*; and pay all or any part of the *Debt*, whether due or not.

(e) The *Bank* is not accountable for any money received by the *Receiver* except to the extent that the *Bank* actually receives that money.

(f) The *Receiver* may do any one or more of the following:

  (i) use every right or remedy that the *Bank* has under the *Mortgage* to collect the income from the *Property*, take possession of all or part of the *Property*, manage the *Property* and keep the *Property* in good condition;

  (ii) manage any business conducted on the *Property*;

  (iii) lease all or any portion of the *Property*, and for this purpose enter into contracts in *your* name that will be binding on *you*;

  (iv) sell the *Property*;

  (v) arrange for the repair and maintenance of the *Property*; arrange to complete any construction on the *Property*; arrange for construction of leasehold improvements. The *Receiver* may register plans of subdivision and declarations and descriptions for the *Property*. The *Receiver* may also take possession of and use any materials, supplies, plans, tools or equipment on the *Property*; and

(vi) borrow money on the security of the *Property* in priority to the *Mortgage*.

(g) The rights and powers in this Section are supplemental to any other rights and powers that the *Bank* may have.

9.06 Court Appointed Receiver.

The *Bank* may ask the Court to appoint a *Receiver*, or confirm the appointment of a *Receiver*, of the *Property*. The terms of the appointment of this *Receiver* will be as the Court determines.

ARTICLE 10
MISCELLANEOUS PROVISIONS

10.01 Judgments.

If the *Bank* obtains a judgment because of *your* default in any *Obligation*, that judgment will not operate as a merger of any *Obligation* or affect the *Bank's* right to *Interest*. Any judgment will provide that *Interest* is to be computed at the same rate and in the same manner as set out in the *Mortgage* until the judgment is fully paid.

10.02 Costs of Dishonoured Payments.

If any cheque *you* have given the *Bank* is not honoured, or if any automatic deduction is not processed, *you* must pay the *Bank's* then current standard administration fee for each cheque that is dishonoured or payment that is not processed. The *Bank's* standard administration fee represents a reasonable estimate of the damages the *Bank* will suffer because the cheque is dishonoured or the payment is not processed. This sum will be added to the *Debt* from the date the cheque is dishonoured or the payment not processed.

10.03 Discharge.

When *you* have paid the *Debt* in full and performed all of *your* other *Obligations*, the *Bank* will, if requested by *you*, sign a discharge or a transfer of the *Mortgage*. The *Bank* will have a reasonable time to prepare and sign the discharge or transfer or to authorize the electronic registration of a discharge or transfer. The *Costs* of registration of any discharge will be *your* responsibility. *You* will pay the *Bank's* then current administration fee for preparing a discharge or an assignment of the *Mortgage*. Registration and the costs of registration of any discharge or transfer will be *your* responsibility. If the *Bank* registers the discharge or transfer, *you* will pay any government fee that the *Bank* incurs for registration.

10.04 Conflict.

If there is any conflict between the terms of the *Mortgage* and the terms of the *Commitment*, the *Commitment* will prevail. If there is any conflict between the terms of the *Mortgage* and the terms of the *Credit Documents*, the *Credit Documents* will prevail. If there is any conflict between the terms of the *Mortgage* and the terms of any *Renewal Agreement*, the *Renewal Agreement* will prevail.

10.05 Notices by the Bank.

(a) Unless otherwise stated in the *Mortgage*, and subject to Article 6, if the *Mortgage* allows or requires the *Bank* to make a demand on, give a notice or consent to or make a request of any person (including *you*), the *Bank* may make the demand, give the notice or consent or make the request, in any one or more of the following ways, at the *Bank's* sole discretion:

(i) by delivering it personally to the person (if the person is a corporation, by delivering it personally to a director, officer or employee of the corporation);

(ii) by transmitting it by facsimile to the person;

(iii) by transmitting it via e-mail to the person (if the person is a corporation, by transmitting it via e-mail to a director, officer or employee of the corporation);

(iv) by mailing it by prepaid registered mail addressed to the person at the person's last known address; or

(v) by transmitting it by any other means as the *Bank Approves* in writing in advance.

(b) Unless otherwise stated in the *Mortgage*, notice will be regarded as received:

(i) when it is personally delivered to the person or to the director, officer or employee of the corporation;

(ii) on the day of the facsimile transmission or, if that day is not a *Business Day*, on the first *Business Day* after the facsimile transmission;

(iii) on the first *Business Day* after the e-mail to the person or to the director, officer or employee of the corporation;

(iv) five (5) days after the date of mailing, whether the person receives it or not; or

(v) on any other date as the *Bank* advises *you* when it advises *you* of an alternative method of notice pursuant to Paragraph 10.05(a)(v).

10.06 Notices by You.

(a) Any notice that *you* give the *Bank* must be by one of the following methods:

(i) registered mail, postage prepaid to the address on the *Mortgage*;

(ii) personal delivery to the manager of the branch of the *Bank* that administers the *Mortgage*; or

(iii) any other method that the *Bank Approves* in advance.

(b) Unless otherwise agreed to by *you* and the *Bank* notice will be deemed to be received:

(i) five (5) days after mailing by registered mail;

(ii) when personally delivered to the branch manager; or

(iii) on any other date the *Bank* advises *you* when it advises *you* of an alternative method of notice.

10.07 Number.

Words in the singular include the plural and words in the plural include the singular.

10.08 Who is Bound.

The *Mortgage* is binding on *you*, *your* legal and personal representatives, *your* heirs, *your* successors and *your* assigns. The *Mortgage* is also binding upon anyone to whom *you* transfer the *Property*. The *Mortgage* is binding on the *Bank*, on its successors and on anyone to whom the *Bank* may transfer the *Mortgage*.

10.09 Consents and Disclosure.

(a) *You* consent to the *Bank* transferring, selling or assigning the *Mortgage* and all of its rights under the *Mortgage*;

(b) If the *Bank* does so, it may disclose information about *you* and the *Mortgage* to anyone to whom the *Bank* transfers, sells or assigns its rights;

(c) The *Bank* may also disclose information about *you* and the *Mortgage* to an insurer or other third party from whom the *Bank* may obtain benefits that protect its security;

(d) *You* consent to insurers and other third parties that provide benefits or services to the *Bank* for the *Mortgage* obtaining information about *you* from credit bureaus and other lenders to evaluate *you* and the *Mortgage*.

10.10 Partial Invalidity.

If any provision of the *Mortgage* is found to be invalid or unenforceable, the validity and enforceability of all other provisions in the *Mortgage* will not be affected.

10.11 Effect of Amendments.

Any agreement to make an *Amendment* to the *Mortgage* including, without limitation, any extension of time for payment, change in the *Interest Rate* or renewal or extension of the *Term*, will apply not only to those who *Approve* the *Amendment* but also to any *Guarantor* and to any other person who was a party to the *Mortgage* but did not *Approve* the *Amendment*.

10.12 Liability.

If two or more persons are liable under the *Mortgage* their liability is both joint and several (that is, they are each liable for the full performance of all *Obligations*).

10.13 Telephone Calls.

You agree that the *Bank* may tape any telephone calls to ensure quality service and to confirm *your* discussions with the *Bank* and any of its employees.

10.14 Governing Law.

The *Mortgage* shall be governed by the *Laws* of Ontario and the applicable federal *Laws* of Canada. *You* submit to the jurisdiction of the courts of Ontario with respect to the *Mortgage*.

10.15 Statute References.

A reference in the *Mortgage* to a statute includes the statute as it may be amended and any replacement or substitute statute.

ARTICLE 11
DEFINITIONS

11.01 Definitions.

In this set of Standard Charge Terms and in any *Mortgage* incorporating these Standard Charge Terms, the following words have the following meanings:

> "*Amendment*" means any document or agreement *Approved* by both *you* and the *Bank* that changes any term of the *Mortgage*, including without limitation changes to the amount of a *Regular Payment*, changes to the frequency of payments and any agreement renewing or extending the *Mortgage*.

"*Approved*" means agreed to in writing or by another method that the *Bank* may make available. "*Approve*", "*Approves*" and "*Approval*" have corresponding meanings.

"*Balance Due Date*" means the Balance Due Date indicated in the *Mortgage* or other date *Approved* by *you* and the *Bank* and is the date the *Principal Amount* is payable. This date is the same date as the *Last Payment Date*.

"*Bank*" means The Toronto-Dominion Bank, the mortgagee or chargee under the *Mortgage*.

"*Business Day*" means a day other than a Saturday, a Sunday or a statutory holiday observed in the Province of Ontario.

"*CashBack*" means an amount of money (the equivalent of an *Interest Rate* discount calculated over the *Term*) paid to *you* in advance at the time *you* take out the *Mortgage*.

"*Collateral Loan Debt*" means all present and future amounts owing by *you* to the *Bank*, including *Interest*, pursuant to a line of credit agreement, loan agreement, guarantee or any other document that *you* have agreed will be secured by the *Property*. Without limiting the previous sentence, *Collateral Loan Debt* includes any debt, past, present or future, direct or indirect, absolute or contingent, matured or not, remaining unpaid by *you* to the *Bank*, in any currency, whether arising from dealings between *you* and the *Bank* or from any other dealings or proceedings by which the *Bank* may in any manner be or become *your* creditor, however incurred, whether incurred by *you* alone or with others and whether as principal or as surety.

"Collateral Loan Principal Amount" means the portion of the *Principal Amount* that bears *Interest* at the interest rate or rates set out in the *Credit Documents*.

"*Commitment*" means a document *Approved* by both *you* and the *Bank* in which the *Bank* commits to providing *you* with mortgage financing, including an advance, a loan or a line of credit, which sets out the terms of that mortgage financing and which includes the disclosure of the cost of borrowing mandated by the *Bank Act* (Canada).

"*Common Expenses*" means the expenses related to the performance of the objects and duties of the *Condominium Corporation* and all expenses specified as common expenses in the *Condominium Act* or in the *Declaration*.

"*Condominium Act*" means the *Condominium Act, 1998*, S.O. 1998, c. 19 (as amended or replaced).

"*Condominium Corporation*" means the condominium corporation that was created by the registration of the *Declaration* and the *Description* on land of which the *Property* is a part.

"*Convey*" means sell, convey, dispose of, transfer or lease, or enter into an agreement to sell, convey, dispose of, transfer or lease (whether by operation of law or otherwise); "*Conveyed*" has a corresponding meaning.

"*Costs*" means all of the fees, costs, charges and expenses relating to:

(i) the *Approval*, preparation, execution and registration of the *Mortgage*, any document connected with the *Mortgage* and any *Amendment*, discharge or transfer of the *Mortgage*;

(ii) any amounts the *Bank* is entitled to charge *you* or pay on *your* behalf under the *Mortgage*;

(iii) any expenses that the *Bank* incurs in enforcing any of its remedies under the *Mortgage*;

(iv) any charges of a municipality or other taxing authority for providing the *Bank* with information on *Taxes* or imposed because the *Bank* (rather than *you*) is paying *Taxes*;

(v) any inspection of the *Property*;

(vi) any environmental testing, site assessment, investigation, study or inspection of the *Property*;

(vii) all repairs made to the *Property*;

(viii) having to take possession and secure, complete and equip any buildings, structures or improvements on the *Property*, including completing construction of the *Property*;

(ix) the renewal of any leasehold interest;

(x) the cost of any *Receiver*;

(xi) any expenses incurred in removing a construction lien from title to the *Property*, obtaining a discharge of a construction lien or defending a construction lien action relating to the *Property*;

(xii) any mortgage insurance or title insurance; and

(xiii) all lawyers' fees and disbursements (including those of the *Bank's* in-house lawyers) in any way relating to items (i) through (xii) on a full indemnity basis.

"*Credit Documents*" means documents *Approved* by *you* and the *Bank* that relate to *Collateral Loan Debt*. *Credit Documents* include promissory notes, line-of-credit agreements, loan agreements, guarantees, any other documents that *you* have agreed will be secured by the *Property* and any amendments or renewals of those documents.

"*Debt*" means the sum of *Fixed Rate Debt*, *Variable Rate Debt*, *Collateral Loan Debt*, *Costs* and all other amounts payable by *you* under the *Mortgage* or the *Credit Documents*.

"*Declaration*" means the declaration that was registered pursuant to the *Condominium Act* or any predecessor legislation to create the *Condominium Corporation*.

"*Deferred Interest*" means, for any *Interest Period*, the *Interest* that has accrued on the *Variable Rate Principal Amount* that is greater than a *Regular Payment*.

"*Description*" means the description registered pursuant to the *Condominium Act* or any predecessor legislation.

"*Differential Interest Rate*" has the meaning set out in Subsection 5.06(d).

"*Excess*" has the meaning set out in Subsection 4.10(e).

"*First Payment Date*" means the First Payment Date indicated in the *Mortgage* or any other date *Approved* by *you* and the *Bank*.

"*Fixed Interest Rate*" means the annual fixed rate of interest indicated in the *Mortgage* or *Approved* by *you* and the *Bank*. The *Fixed Interest Rate* is calculated half-yearly, not in advance.

"*Fixed Rate Debt*" means the *Fixed Rate Principal Amount* and *Interest* under a *Mortgage* having a *Fixed Interest Rate*.

"*Fixed Rate Principal Amount*" means the portion of the *Principal Amount* that bears *Interest* at the *Fixed Interest Rate*.

"*Guarantor*" means each guarantor described in the *Mortgage* or who signs a written document, agreeing to be responsible for all or some of *your Obligations* and agreeing to be bound by the terms of the *Mortgage*.

"*Insured Mortgage*" means a mortgage insured by the Canada Mortgage and Housing Corporation, Genworth Financial Mortgage Insurance Company Canada or any other mortgage insurer *Approved* by the *Bank*.

"*Interest*" means all the interest owing from time to time under the *Mortgage* or the *Credit Documents*, calculated at the applicable *Interest Rate*.

"*Interest Adjustment Date*" means the Interest Adjustment Date indicated in the *Mortgage* or any other date *Approved* by the *Bank*.

"*Interest Period*" means the period between two consecutive *Regular Payments* beginning on a *Payment Date* and ending on the day before the next *Payment Date*.

"*Interest Rate*" means the *Fixed Interest Rate*, the *Variable Interest Rate* or the interest rate or rates set out in the *Credit Documents*, as applicable.

"*Interest Rate Differential Amount*" has the meaning set out in Subsection 5.06(d).

"*Last Payment Date*" means the Last Payment Date indicated in the *Mortgage* or any other date *Approved* by *you* and the *Bank*. This date is the same date as the *Balance Due Date*.

"*Late Interest*" means the additional *Interest* charged by the *Bank* on both the principal and interest portion of any late *Regular Payment*.

"*Law*" means any law, statute, rule, requirement, demand, order, direction, code, guideline, ordinance, by-law, policy or regulation of any government, governmental authority or agency.

"*Lease*" means any lease, sublease or agreement to lease that gives *you your* interest in the *Property* as a tenant, lessee, subtenant or sublessee.

"*Leased Property*" means *your* leasehold interest in the *Property* under a *Lease*.

"*Mortgage*" means, for the non-electronic paper based registration system, the mortgage or charge of the *Property* signed by *you* in the Form 2 Charge/Mortgage of Land and any schedules attached to it or, for the electronic registration system, the mortgage or charge of the *Property* given by *you* to the *Bank* pursuant to *your* signed authorization and direction, and prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act* of Ontario. "*Mortgage*" also includes all schedules and *Amendments*, these Standard Charge Terms and any notice advising *you* of a change in the *Variable Interest Rate*.

"*Mortgage Prime Rate*" means the annual interest rate (calculated monthly not in advance) that the *Bank* sets and adjusts at its discretion as the reference rate the *Bank* will charge for variable interest rate loans on prime residential properties. The current *Mortgage Prime Rate* is available from the *Bank's* branch offices.

"*Obligations*" means all of the obligations that *you* have agreed to perform and all of the promises *you* have made under the *Mortgage* and the *Credit Documents*.

"*Original Principal Amount*" means the original principal that is indicated in the *Mortgage*.

"*Payment Date*" means the date on which *you* are to make a *Regular Payment* indicated in the *Mortgage*, or any other date *Approved* by *you* and the *Bank*.

"*Principal Amount*" means that portion of the *Original Principal Amount* that is outstanding from time to time. *Principal Amount* includes *Variable Rate Principal Amount, Fixed Rate Principal Amount* and *Collateral Loan Principal Amount*.

"*Property*" means all or any part of (i) the lands described in the *Mortgage*, (ii) any buildings or structures now on those lands or added to those lands at any time and (iii) anything now or later attached or fixed to those lands, buildings or structures.

"*Purchaser*" has the meaning set out in Section 7.01.

"*Receiver*" means a person appointed by the *Bank* or a Court to collect income from and manage the *Property*; "*Receiver*" includes a receiver and a receiver and manager.

"*Regular Payment*" means the amount of each payment or the payments indicated in the *Mortgage* or other payment *Approved* by *you* and the *Bank* for either *Fixed Rate Debt* or *Variable Rate Debt*.

"*Renewal Agreement*" means an agreement, renewal notice or written letter *Approved* by the *Bank* and at least one of *you* confirming the terms of a renewal or extension of the *Mortgage*.

"*Similar Mortgage*" has the meaning set out in Subsection 5.06(d).

"*Tax Account*" means an account on the *Bank's* books of account relating to the *Mortgage* and to which the *Bank* may add payments made by *you* under Section 7.05.

"*Taxes*" means all present and future realty taxes, rates and assessments of any nature or kind on the *Property* and includes interest and penalties.

"*Term*" means the length of time from the *Interest Adjustment Date* to the *Balance Due Date* or other length of time *Approved* by *you* and the *Bank*.

"*Trigger Point Amount*" has the meaning set out in Subsection 4.10(e).

"*Variable Interest Rate*" means the annual interest rate, calculated monthly not in advance, that changes from time to time based on the *Mortgage Prime Rate*.

"*Variable Rate Debt*" means the *Variable Rate Principal Amount*, *Interest* and *Deferred Interest* under a *Mortgage* having a *Variable Interest Rate*.

"*Variable Rate Principal Amount*" means the portion of the *Principal Amount* that bears *Interest* at the *Variable Interest Rate*.

"*You*" means each of the persons indicated as chargors or mortgagors in the *Mortgage* and anyone else who is bound by the *Mortgage* under Section 10.08. "*Your*" has a corresponding meaning.

APPENDIX
TABLE OF VARIABLE RATES

Variable Interest Rate Calculated Monthly not in Advance	Equivalent Annual Interest Rate Calculated Half-Yearly not in Advance	*Variable Interest Rate* Calculated Monthly not in Advance	Equivalent Annual Interest Rate Calculated Half-Yearly not in Advance
%	%	%	%
3.00	3.0188	16.00	16.5429
3.25	3.2721	16.25	16.8102
3.50	3.5256	16.50	17.0777
3.75	3.7794	16.75	17.3455
4.00	4.0335	17.00	17.6316
4.25	4.2878	17.25	17.8819
4.50	4.5424	17.50	18.1506
4.75	4.7973	17.75	18.4195
5.00	5.0524	18.00	18.6887
5.25	5.3078	18.25	18.9581
5.50	5.5634	18.50	19.2278
5.75	5.8193	18.75	19.4979
6.00	6.0755	19.00	19.7682
6.25	6.3319	19.25	20.0387
6.50	6.5887	19.50	20.3096
6.75	6.8456	19.75	20.5807
7.00	7.1029	20.00	20.8521
7.25	7.3604	20.25	21.1238
7.50	7.6182	20.50	21.3957
7.75	7.8762	20.75	21.6680
8.00	8.1345	21.00	21.9405
8.25	8.3931	21.25	22.2133
8.50	8.6519	21.50	22.4863
8.75	8.9111	21.75	22.7597
9.00	9.1704	22.00	23.0333
9.25	9.4301	22.25	23.3072
9.50	9.6900	22.50	23.5814
9.75	9.9502	22.75	23.8559
10.00	10.2107	23.00	24.1307
10.25	10.4714	23.25	24.4057
10.50	10.7324	23.50	24.6810
10.75	10.9937	23.75	24.9566
11.00	11.2552	24.00	25.2325
11.25	11.5170	24.25	25.5086
11.50	11.7791	24.50	25.7851
11.75	12.0414	24.75	26.0618
12.00	12.3040	25.00	26.3388
12.25	12.5669		
12.50	12.8301		
12.75	13.0935		
13.00	13.3572		
13.25	13.6212		
13.50	13.8854		
13.75	14.1499		
14.00	14.4147		
14.25	14.6798		
14.50	14.9451		
14.75	15.2108		
15.00	15.4766		
15.25	15.7428		
15.50	16.0092		
15.75	16.2759		

Dated the 1st day of December, 2005

Bruce Salvatore

Bruce Salvatore

Solicitor for The Toronto-Dominion Bank

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200540 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200541 Cote
Filing Date 9th Dec.2005 Date de Dépôt
Page 1 of/de 15 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by

KAWARTHA CREDIT UNION LIMITED

Filing Date:

Filing Number:

The following set of Standard Charge Terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, as amended

CHARGOR'S COVENANTS

Good Title

1. The Chargor, at the time of the execution and delivery of this Charge has a good title in fee simple to the lands and premises described in Box 5 of a Charge registered under a paper based registration system or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically (hereinafter referred to as "the Land").

Right to Charge

2. The Chargor has the right, power and authority to charge the Land and to give this Charge to the Chargee with the covenants contained herein.

No Encumbrances

3. The Chargor has done no act to encumber the Land, other than encumbrances registered in the Land Registry Office and is not indebted to any governmental agency in respect of any debt that would permit such agency to claim priority over this Charge.

Payment

4. The Chargor will pay to the Chargee the principal amount and any readvances together with interest without deduction or abatement at such interest rate, at such times and in such amounts as set out in Box 9 of a Charge registered under a paper based registration system or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically or as otherwise agreed upon in writing. (herein referred to as the "Charge Rate") The Chargor will pay as they fall due all taxes, Federal Income Tax and assessments, municipal, local, Parliamentary and otherwise which now are or may hereafter be imposed, charged, or levied upon the said lands and premises, and when required shall deliver the receipts therefor to the Chargee.

Readvances

5. Should the Chargor request the Chargee to readvance all or part of the principal amount after part or all of same has been repaid and should the Chargee elect to do so, the Charge shall be continuing security for payment of the principal amount and all readvances and interest thereon at the Charge Rate. The Charge shall have priority over any other encumbrances affecting the Land notwithstanding that such other encumbrances may have arisen prior to a readvance and notwithstanding that the interest rate and the amortization period applicable to such readvance may exceed the interest rate and the amortization period applicable to the principal amount.

Insurance

6. The Chargor shall, at the Chargor's sole cost keep insured in favour of the Chargee against loss or damage by fire and by such other hazard or peril as the Chargee may require the buildings now on the Land and every building on the Land which may hereafter be erected in an amount of not less than one hundred per cent (100%) of the full replacement cost thereof. Prior to the making of any advance, the Chargor shall deliver to the Chargee certificates of insurance or, if required by the Chargee, certified copies of each such insurance policy. If the Chargor fails to take out or to keep in force any such insurance or should any such insurance not be approved by the Chargee and should the Chargor not rectify the situation within fifteen (15) days after written notice by the Chargee to the Chargor, the Chargee may, without assuming any obligation in

connection therewith, effect such insurance and charge the premium paid therefor and interest thereon at the Charge Rate to the Chargor. Any premium so paid and interest thereon at the Charge Rate shall be payable at the time appointed for the next ensuing payment of interest and shall be a charge upon the Land and the Chargee shall have a lien for the Charge debt on all insurance on the said buildings whether effected under the foregoing covenants or not. On the happening of any loss or damage, the Chargor shall furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of this Charge shall be sufficient authority for the insurer to pay any such monies to the Chargee. The Chargee may, at its option, apply monies received in whole or in part in rebuilding, reinstating or repairing the Land or in discharge of any of the monies hereby secured whether due or not. The policies of insurance herein required shall

(a) provide that loss, if any, shall be payable to the Chargee as its interest may appear;

(b) contain the standard mortgage clause approved by the Chargee; and

(c) contain an undertaking by the insurer to notify the Chargee in writing, not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination thereof.

Repair

7. The Chargor will keep the Land and the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof respectively. The Chargor will not make or permit to be made any alterations or additions to the Land without the consent of the Chargee. The Chargee may, whenever it deems necessary by its surveyor or agent enter upon and inspect the Land, and the reasonable cost of such inspection shall be added to the Charge debt. If the Chargor neglects to keep the premises in good condition and repair, or commits or permits any act of waste on the Land (as to which the Chargee shall be the sole judge) or should any buildings now or hereafter in the course of erection on the Land remain unfinished or without any work being done thereon for a period of ten (10) days the Chargee may make such repairs and improvements as it deems necessary, and the cost thereof with interest thereon at the Charge Rate shall be a charge upon the Land prior to all claims thereon subsequent to this Charge.

Change in Status

8. Forthwith after any change or event affecting any of the following, namely (a) the spousal status of the Chargor, (b) the qualification of the Land as a matrimonial home within the meaning of Part II of the Family Law Act or any successor legislation as amended and (c) the ownership of the Land, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said Land and of any spouse who is not an owner but who has a right of possession in the Land by virtue of Section 19 of the said Act. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.

The Spouse of the Chargor hereby consents to the transaction evidenced by this Charge and releases all interest in the Land to the extent necessary to give effect to the rights of the Chargee hereunder and agrees that the Chargee may, without further notice deal with the Land as the Chargee may see fit.

Further Assurances

9. The Chargor and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Land shall execute or cause to have executed at the Chargor's expense such further assurances of the Land as may be reasonably required.

Approval of Sale

10. Upon the Chargor selling or otherwise transferring the Land or entering into any agreement of sale to sell the Land (whether or not such conveyance or agreement is registered on title) the Chargor covenants and agrees that the principal amount together with interest thereon to the date of payment may, at the option of the Chargee, immediately become due and payable without any notice being given or any action being commenced by the Chargee, and in default of payment the Chargee may exercise any of the remedies available hereunder to enforce payment including the power to enter upon and lease or sell the Land.

Membership

11. If the Chargor ceases to be a member of Kawartha Credit Union Limited the Chargee at its option may demand payment of the principal then owing hereunder together with interest to the date of payment upon giving to the Chargor three months notice, in writing, and upon expiration of such three months notice, the principal owing hereunder together with interest thereon shall immediately become due and payable and in default of payment the Chargee may exercise any of the remedies available hereunder to enforce payment including the power to enter upon and sell or lease the said Land.

Performance of Covenants

12. The Chargor and the Chargor's heirs, executors, administrators, successors and assigns shall do, observe, perform, fulfill and keep all the covenants, provisions and conditions contained in this Charge which shall remain in full force until all monies payable under this Charge are fully paid and satisfied.

DEFAULT

Default

13. The following shall constitute acts of default;

a) the failure of the Chargor to pay an instalment of principal or interest or to pay any other amount payable by the Chargor or to make any of the payments contained in this Charge;

b) the breach of any covenants, provisions, agreements or conditions contained in this Charge or in any Charge to which this Charge is subject;

c) the Chargor shall become bankrupt or insolvent or shall be subject to the provisions of the Bankruptcy and Insolvency Act, or any other Act for the benefit of creditors or shall go into liquidation, either voluntarily or under an Order of a Court of competent jurisdiction or shall make a general assignment for the benefit of the Chargor's creditors, or otherwise acknowledge the Chargor's insolvency;

d) a construction lien or notice of security interest is registered against the title to the Land; or

e) the application for the mortgage is found to contain a false statement or misrepresentation

f) any building on the Land is abandoned or unoccupied for a period of two (2) days or is allowed to remain unfinished for a period of ten (10) days or is erected without the required permits having been obtained

g) any representation or warranty to the Chargee by either the Chargor or any Guarantor contained in any of the Commitment Letter, the Mortgage Application, the within Charge or any of the other Security Documents, or in any other certificate or writing whatsoever delivered to the Chargee pursuant to any of the above is found to be incorrect, which in the opinion of the Chargee would increase the risk of the Chargee or lower the value of the security of the herein Charge

Should an act of default occur, the principal and interest secured by this Charge shall forthwith become due and payable at the option of the Chargee, and all the powers in and by this Charge conferred shall become exercisable, and the powers of sale contained in this Charge may be exercised forthwith without any notice. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

CONSEQUENCES OF DEFAULT AND REMEDIES

Interest after Default

14. In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time as well after as before maturity, shall bear interest at the Charge Rate and in case the interest and compound interest are not paid in six months from the time of default a rest shall be made and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time and all such interest and compound interest shall be a charge upon the Land.

Costs Added

15. The Chargee may pay all premiums of insurance and all taxes and rates which shall from time to time fall due and be unpaid in respect of the Land. All such payments together with all costs, charges and expenses (between solicitor and his own client), which may be incurred in taking, recovering and keeping possession of the Land, and of negotiating this loan, investigating title, and registering this Charge and other necessary deeds and documents, and all the Chargee's and its solicitors' charges or commissions as established by the Chargee from time to time for or in respect of the collection of any overdue interest, insurance premiums, or any other monies payable by the Chargor hereunder and generally in any other proceedings taken, in connection with or to realize this security, shall be with interest at the Charge Rate, a charge upon the said Land in favour of the Chargee. The Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Land, and the amount paid by the Chargee shall be added to the principal hereby secured and shall be payable forthwith with interest at the Charge Rate and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers by this Charge conferred shall become exercisable and in the event of the Chargee satisfying any such charge or claim either out of monies advanced on this Charge or otherwise the Chargee shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or Government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if the Chargee thinks proper to do so.

Penalty

16. Upon default of payment, term, covenant, provision, agreement or conditions contained in this Charge, or on any proceedings being taken by the Chargee under this Charge, the Chargee shall be entitled to require payment, in addition to all other monies hereby secured or payable hereunder, of a bonus equal to three months interest in advance at the Charge Rate upon the principal hereby secured, and the Chargor shall not be entitled to require a discharge or cessation of this Charge without such payment.

Power of Sale

17. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Land or sell the Land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Land, if occupied, or by placing it on the Land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the County or District in which the Land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unborn and unascertained, or under disability.

Provided further, that in case default be made in the payment of the principal or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the Land may be sold by public auction or private contract or partly one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Land or by reason of non-payment or procuring payment of monies, secured by this Charge or otherwise, and secondly in payment of all the expenses incidental to the sale and thirdly in payment of all amounts of interest owing under this Charge and fourthly in payment of all amounts of principal owing under this Charge and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid same shall be paid to any subsequent encumbrancer or the Chargor or as he may direct. The Chargee may sell any of the Land on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper and may buy in or rescind or vary any contract for the sale of the whole or any part of the Land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

Immediate Possession

18. Upon the occurrence of an act of default, the Chargee may enter into and take immediate possession of the Land hereby charged free from all manner of former conveyances, mortgages, charges or encumbrances without the let, suit, hindrance, interruption or denial of the Chargor or any other person whatsoever. The Chargee may at such times as it may deem necessary make arrangements for repairing, improving, leasing, collecting the rents or managing the Land and all costs, including allowances for the time of any employee or agent of the Chargee or any other person appointed for the above purposes shall be payable to the Chargee and shall be a Charge upon the land and shall bear interest at the Charge Rate.

Right to Distraint and Attornment

19. The Chargee may distrain for arrears of interest, and for arrears of principal in the same manner as if the same were arrears of interest. If the Land is non-residential, the Chargor hereby attorns and becomes a tenant of the Land to the Chargee from year to year from the day of the execution of this Charge during the term of this Charge and any renewal or renewals thereof at a rental equivalent to, applicable in satisfaction of, and payable at the same time as the payments set out in Box 9 (e) of this Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically or as agreed in writing; the legal relation of landlord and tenant being hereby constituted between the Chargee and Chargor; but it is agreed that neither the existence of this clause nor anything done by virtue hereof shall render the Chargee a Chargee in possession, or accountable for any monies except those actually received by it, and that the Chargee may in default of payment or on breach of any of the covenants in this Charge contained, enter on the Land and determine the tenancy hereby created without notice.

FURTHER PROVISIONS

Exclusion of Statutory Covenants

20. The implied covenants deemed to be included in a charge under sub section 7 (1) of the Land Registration Reform Act, 1984 and shown as paragraphs 1 and 2 of the said sub-section 7 (1), shall be and are hereby expressly excluded and replaced by this Set of Standard Charge Terms which are covenants by the Chargor, for the Chargor and the Chargor's successors, with the Chargee and the Chargee's successors and assigns. If any form of words, or any other terms of this charge, are inconsistent with any of the covenants provided for in Section 7 of the Land Registration Reform Act, 1984, any such covenant so provided for in the Land Registration Reform Act, 1984, to the extent that it is so inconsistent, is expressly excluded from the terms of this charge.

No Requirement to Advance

21. Neither the execution nor registration of this Charge or the delivery for registration of a Charge that is registered electronically shall bind the Chargee to advance the money hereby secured. The advance of a part of the monies secured by this Charge shall not bind the Chargee to advance the unadvanced portion. The security hereby given shall take effect forthwith upon the execution of this Charge by the Chargor or forthwith upon the delivery for registration of a Charge that is registered electronically.

Extensions Without Prejudice

22. No extension of time given by the Chargee to the Chargor or his assigns or anyone claiming under him or other dealing by the Chargee with the owner of the Land, shall in any way prejudice or affect the rights of the Chargee against the Chargor or any other person liable for the payment of the monies hereby secured. Any failure or delay in enforcing its rights hereunder shall not prejudice any rights of the Chargee. Performance or payment by the Chargee in respect of any breach or default by the Chargor shall not relieve the Chargor from any such default. No waiver by the Chargee shall bind the Chargee unless it is in writing. A waiver by the Chargee of any of its rights hereunder shall not prejudice such rights in the event of any future default or be deemed to be a waiver of any other or future default or breach.

Partial Releases

23. The Chargee may at its discretion at all times release any part or parts of the Land or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Land or any person from this Charge or from any of the covenants herein contained, it being specially agreed that every part or lot into which the charged Land is or may hereafter be divided does and shall stand charged with the whole money hereby secured and no person shall have the right to require the charge monies to be apportioned; and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee.

No Merger

24. The taking of a judgment or judgments on any of the covenants in this Charge shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the Charge Rate and times set out in this Charge; and further that said judgment shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as set out in this Charge, until the said judgment shall have been fully paid and satisfied.

Costs

25. The Chargor will pay the costs, charges and expenses of and incidental to the taking, preparation, execution and registration of this Charge and other documents and instruments connected herewith and of every renewal, amendment, release, discharge or extension thereof and of valuing the Land. The said costs, charges and expenses are to be secured hereby even if the principal is not advanced, the same to be charged hereby upon the Land, and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's

power of sale hereby given, and all other remedies contained in this Charge shall be exercisable forthwith without any notice.

Deemed Reinvestment

26. The Chargor acknowledges and agrees that the deemed re-investment principle shall not be applied to any payments made pursuant to this Charge.

Residence

27. In the event that the Chargor ceases to be a Canadian resident as defined by the Income Tax Act (Canada), the principal hereby secured together with any interest accrued thereon shall become due and payable on demand (at the option of the Chargee).

Prepayment A

28. The Chargor, when not in default hereunder, shall have the privilege of paying the whole or any additional part of the principal amount set out in Box 4 of this Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically (the "Principal Amount") at any time without notice or penalty.

Prepayment B

29. The Chargor, when not in default hereunder, shall have the privilege of:

- (a) prepaying an additional amount of principal, not exceeding 20% of the principal amount once each year in the month that the anniversary of the Interest Adjustment Date, as set out in Box 9 (d) of this Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically, occurs, without notice or bonus it being agreed that such privileges shall not be cumulative;
- (b) increasing the monthly payment once in each year during the term of this Charge provided that the total of such increases does not exceed 100% of the monthly payment set out in Box 9 (h) of this Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically;
- (c) prepaying the whole or any part of principal amount upon payment by way of bonus equal to the greater of:
    - (i) 3 months interest at the Charge Rate; and
    - (ii) the interest lost by the Chargee over the remaining term of this Charge based on the difference between the interest rate set by the Chargee for a mortgage loan of a term equal to the term then remaining under this Charge and the Charge Rate calculated on the amount of principal prepaid where such prepayment is made in a month other than the month in which the anniversary of the Interest Adjustment Date occurs and otherwise calculated on that part of the principal amount prepaid that is in excess of 20% of the principal amount where such prepayment is made in the month that the anniversary of the Interest Adjustment Date occurs.

The Chargee shall not be obliged to reduce the bonus by the amount that the bonus would have been reduced had the Chargor exercised the privilege in paragraph 29(a) immediately before making the prepayment.

Fixtures

30. The parties hereto agree that all erections and improvements now on or hereafter placed upon the land are and shall be and become fixtures and an accession to the freehold and a part of the land and shall be part of the security for the principal amount hereby secured.

Waste

31. The Chargor shall neither commit nor suffer waste upon the Land and the Chargor shall maintain the buildings and other improvements on the Land in good order and repair to the satisfaction of the Chargee.

Other Security

32. This Charge is in addition to and not in substitution for any other security held by the Chargee for all or part of the principal amount hereby secured. The Chargee may pursue its remedies under such other security or hereunder concurrently or successively. Any judgment or

recovery hereunder or under such other security shall not affect the right of the Chargee to realize upon this or such other security.

Sale and Leasing

33. No sale or other dealing by the Chargor of the Land shall in any way affect the liability of the Chargor or in any way alter the right of the Chargee as against the Chargor or any other person liable for payment of the principal hereby secured. No part of the Land is now rented or occupied by a tenant. The Chargor may not rent or enter into a tenancy agreement respecting any part of the Land without obtaining written approval from the Chargee. In the event that the Chargor rents or enters into a tenancy agreement contrary to the provisions hereof, the Chargor shall be considered to have done so for the purpose of discouraging the Chargee from taking possession of the Land within the meaning of section 52 of the Mortgages Act.

Taxes

34. The parties agree that the Chargee may deduct from the monies advanced under this Charge an amount sufficient to pay all municipal taxes, education taxes and local improvement rates (hereinafter referred to as "taxes") which have become due or which are unpaid at the date of any advance. The Chargor shall, at the option of the Chargee in each and every month pay to the Chargee one-twelfth of the amount, as estimated by the Chargee, of the taxes next becoming due and payable and the Chargor shall also pay to the Chargee, on demand, the amount, if any, by which the actual taxes exceed such estimated amount. In the event that there is a default in respect of any payment of principal or interest as herein provided, any amount held by the Chargee on account of taxes may be applied towards the principal or interest in default.

Advances

35. The parties agree that the Chargee may deduct from the monies advanced under this Charge an amount sufficient to repay any outstanding amount owing under any previous loan made by the Chargee to the Chargor.

Discharge

36. The Chargee shall have a reasonable time after payment in full of the monies secured by this Charge within which to prepare and execute a cessation of this Charge. All expenses incurred in connection with the preparation, execution and registration of the cessation shall be paid by the Chargor.

Cross Default

37. If the principal amount hereby secured is also secured by another charge or other form of security, payment on one charge or form of security shall constitute payment on both or all and default under any one Charge or form of security shall constitute default under both or all. A default under any security given by the Chargor to secure any other indebtedness of the Chargor to the Chargee shall constitute a default under this Charge and similarly any default under this Charge shall constitute default under any security given by the Chargor to secure any other indebtedness.

Partial Prepayment

38. If a partial payment is made, the payment dates of all remaining instalments and of the balance hereunder shall be accelerated so that the Chargor shall pay the said instalments and balance payable under this Charge on each date after the partial prepayment date on which an instalment or the balance is payable until all monies owing hereunder shall have been fully paid.

Guarantor

39. In consideration of the Chargee making the loan secured by this Charge to the Chargor the Guarantor having read this Charge covenants and agrees with the Chargee that the Guarantor will pay and satisfy or cause to be paid and satisfied when due all principal, interest and other monies secured by or payable pursuant to this Charge and will perform and observe or cause to be performed and observed all the covenants, terms and conditions in this Charge to be performed and observed by the Chargor; and further that the Guarantor is primarily liable jointly and severally with the Chargor to the Chargee for the due payment and satisfaction of such monies and for the due performance and observance

of such covenants, terms and conditions and shall not be released nor the Guarantor's liability herein be limited or lessened by;

(a) any variation in or departure from the provisions of this Charge;
(b) any renewal of this Charge upon terms that have not been assented to by the Guarantor;
(c) the Chargee granting time, taking or giving up securities, accepting compositions, granting releases or discharges of the Chargor or the Land, or any part of them or any other security or otherwise dealing with the Chargor, the Land or any other security or with any other person or persons, matters or things;
(d) any readvance or readvances of the principal at a higher rate of interest or with a longer amortization period;
(e) any want of notice to the Guarantor;
(f) the bankruptcy or winding up of the Chargor or any other circumstance terminating the obligation of the Chargor;
(g) the exercise of the convertibility or portability options below; or
(h) any other matter or thing whatsoever whereby as a Guarantor only the Guarantor would or might be released,

The Chargee shall not be bound to resort to or exhaust any recourse against the Chargor or any other person or security before enforcing its rights hereunder against the Guarantor. Nothing but the payment and satisfaction in full of all monies secured by this Charge and the due performance and observance of all the covenants, terms and conditions of this Charge shall release the Guarantor or this guarantee. All indebtedness of the Chargor to the Guarantor, present and future, is hereby postponed to the indebtedness secured by this Charge, and for the purpose of effecting the same the Chargor and Guarantor agree with the Chargee that no payments whether by way of repayment of indebtedness, loans, advances, dividends, return of capital or otherwise whatsoever, shall be paid by the Chargor to the Guarantor, or received by the Guarantor from the Chargor, without the express written consent of the Chargee until all indebtedness hereby secured has been fully paid and satisfied. Any payment made or received in contravention of this provision shall be held by the Guarantor in trust for the Chargee and be paid over to the Chargee upon demand.

Portability

40. In the event that:

(a) the Chargor sells the Land to a person who is at arm's length; and
(b) the principal amount is repaid in full; and
(c) the Chargor receives from the Chargee on the date on which the principal amount is repaid, a mortgage advance to purchase or finance other land,

the Chargee shall provide a new loan secured by a new Charge, for the purchase or financing of the other lands and premises as long as:

(i) the Chargee's then current policies, procedures and criteria for approval of new mortgages and documentation requirements are satisfied; and
(ii) the Chargee's then current application and discharge fees are paid; and
(iii) the Chargor pays the then current legal fees, appraisal costs and other expenses incurred in connection with the new Charge.

In the event that the principal amount secured by the new Charge is less than the principal amount then outstanding under this Charge and Prepayment Provision B in Paragraph 29 hereof is applicable then:

(a) a bonus shall be paid on the principal repaid equal to the greater of:
    (i) 3 months interest at the Charge Rate; and
    (ii) the interest lost by the Chargee over the remaining term of this Charge based on the difference between the interest rate set by the Chargee for a mortgage loan of a term equal to the term then remaining under this Charge and the Charge Rate; and
(b) interest shall be payable on the principal amount secured by the new Charge at the Charge Rate.

In the event that the principal amount secured by the new Charge exceeds the principal amount then outstanding under this Charge, interest shall be payable on the principal amount secured by the new Charge at such blended rate and for such term as is determined by the application of the Chargee's then current policies.

Convertibility

41. The Chargor, when not in default hereunder, shall have the privilege of changing the term of this Charge and the privilege of converting this Charge to a variable rate mortgage:

(a) where Prepayment Option A in paragraph 28 applies, at any time upon payment of the Chargee's then current administration fee and any applicable legal expenses; or

(b) where Prepayment Option B in paragraph 29 applies, at any time, upon payment of;

  (i) the Chargee's then current administration fee and any applicable legal expenses; and

  (ii) a bonus equal to the greater of 3 months interest at the Charge Rate and the interest lost by the Chargee over the remaining term of this Charge based on the difference between the interest rate set by the Chargee for a mortgage loan of a term equal to the term then remaining under this Charge and the Charge Rate.

Commitment Letter and Mortgage

42. This Charge is being executed and delivered pursuant to a commitment letter or mortgage application between the Chargor and the Chargee. It is understood and agreed that all of the provisions of the said commitment letter or mortgage application including, without limitation, all conditions, representations, warranties and provisos contained therein are hereby incorporated by reference into this Charge and into all other security documents being delivered in connection with this Charge and into any other document requested by the Chargee or required to be delivered from time to time pursuant hereto in order to furnish the security agreed to be provided for this Charge (all of which security documents or agreements are collectively referred to herein as the "Security Documents") and all such conditions, representations, warranties and provisos as contained in the aforementioned commitment letter or mortgage application shall not merge in any document delivered relating to the loan herein, but shall survive all such deliveries. In the event of any conflict between any of the provisions of the Security Documents and the aforementioned commitment letter or mortgage application, or in the event that any matter is dealt with in any of the aforementioned documents or agreements in different terms not necessarily in conflict, then the Chargee shall have the sole right to determine which provision or provisions shall apply.

It is understood and agreed that default under any one of the Security Documents, commitment letter or mortgage application, shall, at the option of the Chargee, constitute a default under all of the said documents and that no remedy conferred under any of these documents is intended to be exhaustive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given or now existing or hereafter existing by law or by statute.

Environmental Warranties

43. The Chargor warrants as follows:

(a) neither the Chargor nor the Land is subject to any outstanding order from or agreement with any governmental authority having jurisdiction over the Land that relates to the Land's environment (which shall include its surface waters, ground water and drinking water supply, its own surface, sub-surface strata, ambient air and plant/animal life) and that requires any cleanup, treatment or removal by the Chargor of any waste or material alleged to be hazardous or otherwise dangerous or harmful to the Land's environment under applicable law, or levies imposed upon the Chargor the costs therefor;

(b) the use of the Land conforms with all laws applicable to the Land's environment, and the Chargor has no notice of any complaint or enquiry to the contrary;

(c) there are no storage tanks, active or abandoned, on or under the surface of the Land; and

(d) to the best of the Chargor's knowledge, after due and diligent inquiry, no other condition exists on or under the surface of the Land that could reasonably be expected to render the Chargor liable for an infraction under any law applicable to the Land's environment.

The Chargee or an agent of the Chargee may, at any time, both before and after default, and for any purpose deemed necessary by the Chargee enter upon the Land to inspect the Land and buildings thereon. Without limiting the generality of the foregoing, the Chargee may enter upon the Land to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee and the reasonable cost of such testing, assessment, investigation or study, with interest at the Charge Rate shall be payable by the Chargor forthwith and shall be a charge upon the said Land. The exercise of any of the powers enumerated in this paragraph shall not deem the Chargee or its agents to be in possession, management or control of the Land.

Building Charge 44. If the Charge secures monies used or to be used to finance improvements, the following conditions shall apply:

(a) The Chargor shall construct improvements on the Land in accordance with plans and specifications which have been approved by the Chargee and carry on diligently to completion the said improvement to the satisfaction of all governmental and regulatory authorities having jurisdiction. The improvement being erected or to be erected on the Land shall form part of the security for the full amount of the monies secured by the Charge.

(b) If construction on the project on the Land ceases for any reason whatsoever (strike, material shortages, and weather conditions beyond the control of the Chargor excepted) for a period of ten (10) consecutive days, then this Charge, at the option of the Chargee, shall immediately become due and payable. In the event that construction ceases, then the Chargee shall have the right, at its sole option, to assume complete control of the construction of the said project in such manner and on such terms as it deems advisable. The cost of completion of the said project by the Chargee and all expenses incidental thereto (collectively, the "Completion Costs") together with a management fee of fifteen percent (15%) of the Completion Costs shall be added to the principal amount of this Charge, and shall bear interest at the rate as herein provided for and shall form part of the principal amount herein and the Chargee shall have the same rights and remedies with respect to the collection of same as it would have with respect to collection of principal and interest hereunder or at law.

(c) The Chargee may, at its option, require the Chargor to execute a further agreement pertaining to the construction of the improvements. In the event that the provisions hereof are inconsistent with the provisions of such agreement the provisions of such agreement shall prevail.

Renewal 45. This Charge may, at the Chargee's option, be renewed or amended or extended by an agreement in writing for any term with or without an increased rate of interest or amortization period and with or without an increase in the principal amount then outstanding, provided that the principal amount shall not at any time exceed the amount set out in Box 4 of this Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically. It shall not be necessary to register any such agreement in order for this Charge to retain its priority over a subsequent encumbrance. The entering into of such agreement shall not release from liability for or in respect of this Charge any person who is liable hereunder and who does not sign such agreement. In the event that the Chargor fails to execute a renewal agreement, the Charge, at the Chargee's option, shall be deemed to have been renewed on the terms set out in the renewal agreement.

Condominiums 46. In the event that the Land is registered under the Condominium Act or is proposed to be registered under the Condominium Act, the following provisions shall apply to this Charge:

Insurance: Notwithstanding anything hereinbefore contained to the contrary, the Chargor covenants with the Chargee that the Chargor or the Condominium Corporation or both of them shall forthwith insure and, during the continuance of this Charge, keep insured in favour of the Chargee, against loss or damage by fire, the unit and its appurtenant common interest, as well as each and every building which may hereafter be erected thereon both during erection and thereafter, for an amount of not less than one hundred per cent (100%) of the full replacement cost of each and every building. The Chargor further covenants with the Chargee that the Chargor or the Condominium Corporation or both of them shall forthwith insure and, during the continuance of this Charge, keep insured, as the Chargee may require, the aforementioned unit and its appurtenant common interest, as well as each and every building on the said land and each and every building hereafter erected thereon, both during erection and thereafter, against loss or damage by tempest, tornado, cyclone, lightning and such other risks and perils as the Chargee may deem expedient. In the case of commercial properties, this covenant shall, in addition, include boiler, plate glass, rental and public liability insurance in an amount satisfactory to the Chargee. Prior to the making of any advance by the Chargee, the Chargor or the Condominium Corporation or both of them shall forthwith assign, transfer and deliver over unto the Chargee each such policy and receipts relating thereto and evidence of payment of all premiums due. Should notice of cancellation of any such policy be given, the Chargor or the Condominium Corporation or both of them shall deliver to the Chargee evidence of renewal or replacement fifteen (15) days in advance of the expiration of the same. Every policy of insurance shall be effected on such terms and with such insurer as may be approved by the Chargee. Mortgage clauses, stated amount co-insurance clauses and all such other clauses as the Chargee may require, all in a form approved by the Chargee, will be attached to and form part of all insurance policies. Loss under each policy shall be made payable to the Chargee as its interest may appear with reference in its favour over any claim of any other person.

Each policy shall be retained by the Chargee during the currency of this loan. Should an insurer at any time cease to have the approval of the Chargee, the Chargee or the Condominium Corporation or both of them shall effect such new insurance as the Chargee may require. In the event that the Chargor shall for any reason fail to keep the said premises so insured or fail to deliver the policies of insurance placed and pay the premiums thereon, the Chargee may, at the Chargee's option pay the premiums and any premiums so paid shall be secured by this Charge and repaid by the Chargor in lawful money of Canada within ten (10) days after payment by the Chargee. In default thereof, the principal sum and interest and the insurance premium with interest thereon may become due at the election of the Chargee.

In the event of loss or damage, the Chargor or the Condominium Corporation or both of them shall notify the Chargee. The Chargor and the Condominium Corporation shall forthwith upon such event comply fully with the terms of the policy or policies of insurance, and without limiting the generality of any clause in this Charge or the obligation of the Chargor to observe and perform all the duties and obligations imposed by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, the Chargor shall comply with the insurance provisions of the Declarations. Further the Chargor shall furnish at his own expense all necessary proofs and do all necessary acts to enable the Condominium Corporation or the Insurance Trustee pursuant to the Insurance Trust Agreement between the Condominium Corporation and the Trustee to obtain payment of the insurance monies in accordance with the Declaration.

In the event of loss or damage, the Chargee shall have the right to apply the proceeds arising from the insurance policy wholly or in part in reduction of any principal then remaining unrepaid, notwithstanding that no amount at such time may be due and payable under the terms of repayment and/or to pay such proceeds in whole or in part to the Chargor or to the assigns of the Chargor, in which event the sum shall not be credited on the mortgage account, or partly in one or partly in other or others of manner. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee. All of the foregoing covenants and provisions as to insurance shall apply to all buildings whether now or hereafter erected on the said lands. The Chargor, as a member of the Condominium Corporation, shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

Observance - Declaration and By-laws: Common Expenses: The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on him by the Condominium Act and by the Declaration and the By-laws as amended from time to time, of the Condominium of which this unit forms a part by virtue of his ownership of the said parcel. Any breach of the said duties and obligations shall constitute a breach of covenant under this Charge.

Without limiting the generality of the foregoing, the Chargor covenants to pay on or before the dates of payment, all monies due and payable pursuant to the provisions of the Declaration and By-laws, including any special assessments or common expenses required of him as an owner of the said lands. Upon failure to make said payments, the Chargee may, at its option, pay any such monies owing, whether or not any payment in default has priority to this Charge or any part of the monies secured hereby, and the amount paid by the Chargee shall be forthwith due and payable to the Chargee by the Chargor, together with interest at the Charge Rate and shall be a charge upon the said lands to the same extent and effect as the principal monies and interest hereby secured. The Chargor covenants to transmit to the Chargee forthwith upon the demand of the Chargee, satisfactory proof that all common expenses or special assessments levied or assessed against the unit have been paid as assessed. Failure to make any such payment shall be deemed to be a default under the terms of this Charge and the Chargee may exercise its rights under the terms of this Charge as if the Chargor had failed to make the other payments required herein, whether or not such payments have actually been made by the Chargee.

The Chargor acknowledges that he has received a copy of the Declaration and By-laws (individually a "By-law" and collectively, the "By-laws") of the Corporation of which this unit forms a part and agrees to comply with the stipulations, restrictions, covenants and provisions therein and with the By-laws or Rules and Regulations passed pursuant thereto from time to time.

The Chargor covenants with the Chargee to deliver to the Chargee in person or by prepaid registered mail, a copy of the following:
(i) each Notice of Meeting sent to the Chargor pursuant to the provisions of the Declaration and By-laws or the Condominium Act, either as owner of the unit or as a member of the Corporation, which copy is to be received by the Chargee at least five (5) days prior to the date upon which such meeting is fixed to convene;

(ii) every claim against the Chargor or demand for payment from the Chargor, made pursuant to the provisions of the Declaration and By-laws, which copy is to be received by the Chargee at least five (5) business days prior to the date upon which such claim or demand becomes due and payable;
(iii) every notice received by the Chargor of a breach by the Chargor of the provisions, restrictions, terms, specifications or stipulations set out in the Declaration and By-laws, which copy is to be received by the Chargee within five (5) days of the date upon which such notice is received by the Chargor;
(iv) every request or claim for the consent of the Chargor affecting the unit or the common elements of the condominium plan, which copy is to be received by the Chargee within five (5) days of the date upon which such demand or request is received by or made of the Chargor;
(v) any information known to the Chargor concerning the termination of the Management Agreement or Insurance Trust Agreement for the Corporation, such information to be delivered to the Chargee immediately upon the Chargor learning of such information.

The Chargor charges his interest in the assets of the Corporation, which assets are now owned or may hereinafter be acquired by the Corporation, in a like manner as the lands charged in this Charge.

The Chargor covenants that he will not without permission in writing from the Chargee, do any act or fail to do any act which will or may have the effect of furthering any of the following:
(i) the engagement by the Corporation of a management company or other person for the property who is not or who has not been actively engaged in the field of professional property management; or
(ii) the leasing by the corporation of any of the common elements of the property.

The Chargor hereby grants unto the Chargee the right to inspect at reasonable times, and from time to time, all of the Corporation's records as provided in the Declaration and By-laws and, if requested by the Chargee, shall direct and authorize the Corporation to do all things to enable the Chargee to so inspect the records.

Provided, and it is hereby agreed by and between the Chargor and the Chargee that, in the event that the government of the property included in the Condominium Plan is terminated, or in the event of the sale of the property or of a part of the common elements of the Condominium Plan being authorized by a vote of the owners of the units on the said Plan, then, in such event, the monies hereby secured shall forthwith become due and payable, at the option of the Chargee, and all the powers by this Charge conferred shall become exercisable, notwithstanding any consent given by the Chargee to such termination or sale.

Right to Vote: The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an owner of the said lands to vote or to consent or to not vote or to refuse to consent in all matters relating to the affairs of the said Corporation without in any way consulting the Chargor in the manner in which the vote shall be exercised or not exercised and without incurring any liability to the Chargor or anyone else because of the manner in which such vote or right to consent in the affairs of the Corporation was exercised or not exercised and provided that:

(1) the Chargee shall not have the right to vote or consent unless it gives notice in writing to the Chargor and the Condominium Corporation that the Chargee does intend to exercise the said right to vote or consent and in that event, until the Chargee revokes the said notice, the Chargor shall not exercise the right to vote or consent and the Chargee shall have such rights. Should the Chargee not give notice as foresaid of its

intention to exercise its right to vote or give consent, then until the giving of such notice, the Chargor may exercise the right to vote or consent. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(2) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or to protect the interest of the Chargor or to give the notice contemplated by Clause (1) above;

(3) The exercise of the right to vote or consent shall not constitute the Chargee a Chargee in possession.

Legal Advice 47. The Chargor acknowledges that the Chargor and the Chargee will be represented by one solicitor and that such arrangement may create a conflict of interest. The Chargor may be represented by a separate solicitor at the Chargor's expense. If the Chargor or any Guarantor chooses to be represented by the same solicitor who represents the Chargee, the Chargor and such Guarantor shall be deemed to have waived the Chargor's or the Guarantor's right to obtain independent legal advice.

Interpretation 48. In construing these covenants the words "Charge", "Chargee", "Chargor", "Land" and "Successor" shall have the meanings assigned to them in Section 1 of the Land Registration Reform Act, 1984 and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", and "he", "she", "they", or "it", "his", "her", "their" or "its" respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon, his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several. The headings or notes preceding each paragraph herein are for reference purposes only and do not form part of the covenants herein contained.

ACKNOWLEDGEMENT

This Set of Standard Charge Terms is included in a Charge dated the day of , made by:

as Chargor(s)

To: **Kawartha Credit Union Limited**

as Chargee

and each Chargor and Guarantor hereby acknowledge receiving a copy of this Set of Standard Charge Terms before signing this Charge.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. ....200541...... Code

Chargor

Chargor

Guarantor

FILED BY: KAWARTHA CREDIT UNION LIMITED
By its Solicitors
LILLICO BAZUK KENT GALLOWAY
Per:
GARNET M. KENT

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200542 Cote
Filing Date 9th Dec 2005 Date de Dépôt
Page 1 of/de 15 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by — Filing Date: Nov. 30, 2005

KAWARTHA CREDIT UNION LIMITED — Filing Number

The following set of Standard Charge Terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, as amended

CHARGOR'S COVENANTS

Good Title

1. The Chargor, at the time of the execution and delivery of this Charge has a good title in fee simple to the lands and premises described in Box 5 of a Charge registered under a paper based registration system or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically (hereinafter referred to as "the Land").

Right to Charge

2. The Chargor has the right, power and authority to charge the Land and to give this Charge to the Chargee with the covenants contained herein.

No Encumbrances

3. The Chargor has done no act to encumber the Land, other than encumbrances registered in the Land Registry Office and is not indebted to any governmental agency in respect of any debt that would permit such agency to claim priority over this Charge.

Payment

4. The Chargor is indebted to the Chargee in a principal amount not exceeding the amount specified in Box 4 of a Charge registered under a paper based registration system or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically. The Chargor shall pay without deduction or abatement to the Chargee the principal amount and any readvances thereof together with interest calculated on the daily balance of the principal as is outstanding both before and after default and judgment at such interest rate as is charged, from time to time by the Chargee as set out in or varied pursuant to the Loan Agreement attached to the Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically or as otherwise agreed upon in writing. (herein referred to as the "Charge Rate") In the event that the Charge Rate increases such that the periodic payments on account of principal and interest are insufficient to pay the interest payable or such that the amortization period would be lengthened, the Chargee may, at its option, extend the amortization period or increase the amount of the said periodic payments or extend the amortization period and increase the amount of the said periodic payments. The Chargor will pay as they fall due all taxes, Federal Income Tax and assessments, municipal, local, Parliamentary and otherwise which now are or may hereafter be imposed, charged, or levied upon the Land, and when required shall deliver the receipts therefor to the Chargee.

Readvances

5. Should the Chargor request the Chargee to readvance all or part of the principal amount after part or all of same has been repaid and should the Chargee elect to do so, the Charge shall be continuing security for payment of the principal amount and all readvances and interest thereon at the Charge Rate. The Charge shall have priority over any other encumbrances affecting the Land notwithstanding that such other encumbrances may have arisen prior to a readvance and notwithstanding that the interest rate and amortization period applicable to such readvance may exceed the interest rate and amortization period

applicable to the principal amount.

Insurance

6. The Chargor shall at the Chargor's sole cost keep insured in favour of the Chargee against loss or damage by fire and by such other hazard or peril as the Chargee may require the buildings now on the Land and every building on the Land which may hereafter be erected in an amount of not less than one hundred per cent (100%) of the full replacement cost thereof. Prior to the making of any advance, the Chargor shall deliver to the Chargee certificates of insurance or, if required by the Chargee, certified copies of each such insurance policy. If the Chargor fails to take out or to keep in force any such insurance or should any such insurance not be approved by the Chargee and should the Chargor not rectify the situation within fifteen (15) days after written notice by the Chargee to the Chargor, the Chargee may, without assuming any obligation in connection therewith, effect such insurance and charge the premium paid therefor and interest thereon at the Charge Rate to the Chargor. Any premium so paid and interest thereon at the Charge Rate shall be payable at the time appointed for the next ensuing payment of interest and shall be a charge upon the Land and the Chargee shall have a lien for the Charge debt on all insurance on the said buildings whether effected under the foregoing covenants or not. On the happening of any loss or damage, the Chargor shall furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of this Charge shall be sufficient authority for the insurer to pay any such monies to the Chargee. The Chargee may, at its option, apply monies received in whole or in part in rebuilding, reinstating or repairing the Land or in discharge of any of the monies hereby secured whether due or not. The policies of insurance herein required shall
(a) provide that loss, if any, shall be payable to the Chargee as its interest may appear;
(b) contain the standard mortgage clause approved by the Chargee; and
(c) contain an undertaking by the insurers to notify the Chargee in writing, not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination thereof.

Repair

7. The Chargor will keep the Land and the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof respectively. The Chargor will not make or permit to be made any alterations or additions to the Land without the consent of the Chargee. The Chargee may, whenever it deems necessary by its surveyor or agent enter upon and inspect the Land, and the reasonable cost of such inspection shall be added to the Charge debt. If the Chargor neglects to keep the premises in good condition and repair, or commits or permits any act of waste on the Land (as to which the Chargee shall be the sole judge) or should any buildings now or hereafter in the course of erection on the Land remain unfinished or without any work being done thereon for a period of ten (10) days the Chargee may make such repairs and improvements as it deems necessary, and the cost thereof with interest thereon at the Charge Rate shall be a charge upon the Land prior to all claims thereon subsequent to this Charge.

Change in Status

8. Forthwith after any change or event affecting any of the following, namely (a) the spousal status of the Chargor, (b) the qualification of the Land as a matrimonial home within the meaning of Part II of the Family Law Act or any successor legislation as amended, and (c) the ownership of the Land, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said Land and of any spouse who is not an owner but who has a right of possession in the Land by virtue of Section 19 of the said Act. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence

in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.

The Spouse of the Chargor hereby consents to the transaction evidenced by this Charge and releases all interest in the Land to the extent necessary to give effect to the rights of the Chargee hereunder and agrees that the Chargee may, without further notice deal with the Land as the Chargee may see fit.

Further Assurances

9. The Chargor and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Land shall execute or cause to have executed at the Chargor's expense such further assurances of the Land as may be reasonably required.

Approval of Sale

10. Upon the Chargor selling or otherwise transferring the Land or entering into any agreement of sale to sell the Land (whether or not such conveyance or agreement is registered on title), the Chargor covenants and agrees that the principal amount together with interest thereon to the date of payment may, at the option of the Chargee, immediately become due and payable without any notice being given or any action being commenced by the Chargee, and in default of payment the Chargee may exercise any of the remedies available hereunder to enforce payment including the power to enter upon and lease or sell the Land.

Membership

11. If the Chargor ceases to be a member of Kawartha Credit Union Limited the Chargee at its option may demand payment of the principal then owing hereunder together with interest to the date of payment upon giving to the Chargor three months notice, in writing, and upon expiration of such three months notice, the principal owing hereunder together with interest thereon shall immediately become due and payable and in default of payment the Chargee may exercise any of the remedies available hereunder to enforce payment including the power to enter upon and sell or lease the said Land.

Performance of Covenants

12. The Chargor and the Chargor's heirs, executors, administrators, successors and assigns shall do, observe, perform, fulfill and keep all the covenants, provisions and conditions contained in this Charge which shall remain in full force until all monies payable under this Charge are fully paid and satisfied.

DEFAULT

Default

13. The following shall constitute acts of default;
    a) the failure of the Chargor to pay an instalment of principal or interest or to pay any other amount payable by the Chargor or to make any of the payments contained in this Charge;
    b) the breach of any covenants, provisions, agreements or conditions contained in this Charge or in any Charge to which this Charge is subject;
    c) the Chargor shall become bankrupt or insolvent or shall be subject to the provisions of the Bankruptcy and Insolvency Act, or any other Act for the benefit of creditors or shall go into liquidation, either voluntarily or under an Order of a Court of competent jurisdiction or shall make a general assignment for the benefit of the Chargor's creditors, or otherwise acknowledge the Chargor's insolvency;
    d) a construction lien or notice of security interest is registered against the title to the Land; or
    e) the application for the mortgage is found to contain a false statement or misrepresentation
    f) any building on the Land is abandoned or unoccupied for a period of two (2) days or is allowed to remain unfinished for a period of ten (10) days or is erected without the required permits

having been obtained

g) any representation or warranty to the Chargee by either the Chargor or any Guarantor contained in any of the Commitment Letter, the Mortgage Application, the within Charge or any of the other Security Documents, or in any other certificate or writing whatsoever delivered to the Chargee pursuant to any of the above is found to be incorrect, which in the opinion of the Chargee would increase the risk of the Chargee or lower the value of the security of the herein Charge

Should an act of default occur, the principal and interest secured by this Charge shall forthwith become due and payable at the option of the Chargee, and all the powers in and by this Charge conferred shall become exercisable, and the powers of sale contained in this Charge may be exercised forthwith without any notice. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

CONSEQUENCES OF DEFAULT AND REMEDIES

Interest after Default

14. In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time as well after as before maturity, shall bear interest at the Charge Rate and in case the interest and compound interest are not paid in six months from the time of default a rest shall be made and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time and all such interest and compound interest shall be a charge upon the Land.

Costs Added

15. The Chargee may pay all premiums of insurance and all taxes and rates which shall from time to time fall due and be unpaid in respect of the Land. All such payments together with all costs, charges and expenses (between solicitor and his own client), which may be incurred in taking, recovering and keeping possession of the Land, and of negotiating this loan, investigating title, and registering this Charge and other necessary deeds and documents, and all the Chargee's and its solicitors' charges or commissions as established by the Chargee from time to time for or in respect of the collection of any overdue interest, insurance premiums, or any other monies payable by the Chargor hereunder and generally in any other proceedings taken, in connection with or to realize this security, shall be with interest at the Charge Rate, a charge upon the said Land in favour of the Chargee. The Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Land, and the amount paid by the Chargee shall be added to the principal hereby secured and shall be payable forthwith with interest at the Charge Rate and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers by this Charge conferred shall become exercisable and in the event of the Chargee satisfying any such charge or claim either out of monies advanced on this Charge or otherwise the Chargee shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or Government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if the Chargee thinks proper to do so.

Penalty

16. Upon default of payment, term, covenant, provision, agreement or conditions contained in this Charge, or on any proceedings being taken by the Chargee under this Charge, the Chargee shall be entitled to require payment, in addition to all other monies hereby secured or payable hereunder, of a bonus equal to three months interest in advance at the Charge Rate upon the principal hereby secured, and the Chargor shall not be entitled to require a discharge or cessation of this Charge

without such payment.

Power of Sale

17. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Land or sell the Land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Land, if occupied, or by placing it on the Land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the County or District in which the Land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unborn and unascertained, or under disability. Provided further, that in case default be made in the payment of the principal or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the Land may be sold by public auction or private contract or partly one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Land or by reason of non-payment or procuring payment of monies, secured by this Charge or otherwise, and secondly in payment of all the expenses incidental to the sale and thirdly in payment of all amounts of interest owing under this Charge and fourthly in payment of all amounts of principal owing under this Charge and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid same shall be paid to any subsequent encumbrancer or the Chargor or as he may direct. The Chargee may sell any of the Land on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper and may buy in or rescind or vary any contract for the sale of the whole or any part of the Land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

Immediate Possession

18. Upon the occurrence of an act of default, the Chargee may enter into and take immediate possession of the Land hereby charged free from all manner of former conveyances, mortgages, charges or encumbrances without the let, suit, hindrance, interruption or denial of the Chargor or any other person whatsoever. The Chargee may at such times as it may deem necessary make arrangements for repairing, improving, leasing, collecting the rents or managing the Land and all costs, including allowances for the time of any employee or agent of the Chargee or any other person appointed for the above purposes shall be payable to the Chargee and shall be a Charge upon the land and shall bear interest at the Charge Rate.

Right to Distraint and Attornment

19. The Chargee may distrain for arrears of interest, and for arrears of principal in the same manner as if the same were arrears of interest. If the Land is non-residential, the Chargor hereby attorns and becomes a tenant of the Land to the Chargee from year to year from the day of the execution of this Charge during the term of this Charge and any renewal or renewals thereof at a rental equivalent to, applicable in satisfaction of, and payable at the same time as the payments set out in the Loan Agreement attached to this Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically or as agreed in writing; the legal relation of landlord and tenant being hereby constituted between the Chargee and Chargor; but it is agreed that neither the existence of this clause nor anything done by virtue hereof shall render the Chargee a Chargee in possession, or accountable for any monies except those actually received by it, and that the Chargee may in default of payment or on breach of any of the covenants in this Charge contained, enter on the Land and determine the tenancy hereby created without notice.

FURTHER PROVISIONS

Exclusion of Statutory Covenants

20. The implied covenants deemed to be included in a charge under sub section 7 (1) of the Land Registration Reform Act, 1984 and shown as paragraphs 1 and 2 of the said sub-section 7 (1), shall be and are hereby expressly excluded and replaced by this Set of Standard Charge Terms which are covenants by the Chargor, for the Chargor and the Chargor's successors, with the Chargee and the Chargee's successors and assigns. If any form of words, or any other terms of this charge, are inconsistent with any of the covenants provided for in Section 7 of the Land Registration Reform Act, 1984, any such covenant so provided for in the Land Registration Reform Act, 1984, to the extent that it is so inconsistent, is expressly excluded from the terms of this charge.

No Requirement to Advance

21. Neither the execution nor registration of this Charge or the delivery for registration of a Charge that is registered electronically shall bind the Chargee to advance the money hereby secured. The advance of a part of the monies secured by this Charge shall not bind the Chargee to advance the unadvanced portion. The security hereby given shall take effect forthwith upon the execution of this Charge by the Chargor or forthwith upon the delivery for registration of a Charge that is registered electronically.

Extensions Without Prejudice

22. No extension of time given by the Chargee to the Chargor or his assigns or anyone claiming under him or other dealing by the Chargee with the owner of the Land, shall in any way prejudice or affect the rights of the Chargee against the Chargor or any other person liable for the payment of the monies hereby secured. Any failure or delay in enforcing its rights hereunder shall not prejudice any rights of the Chargee. Performance or payment by the Chargee in respect of any breach or default by the Chargor shall not relieve the Chargor from any such default. No waiver by the Chargee shall bind the Chargee unless it is in writing. A waiver by the Chargee of any of its rights hereunder shall not prejudice such rights in the event of any future default or be deemed to be a waiver of any other or future default or breach.

Partial Releases

23. The Chargee may at its discretion at all times release any part or parts of the Land or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Land or any person from this Charge or from any of the covenants herein contained, it being specially agreed that every part or lot into which the charged Land is or may hereafter be divided does and shall stand charged with the whole money hereby secured and no person shall have the right to require the charge monies to be apportioned; and

without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee.

No Merger 24. The taking of a judgment or judgments on any of the covenants in this Charge shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the Charge Rate and times set out in this Charge; and further that said judgment shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as set out in this Charge, until the said judgment shall have been fully paid and satisfied.

Costs 25. The Chargor will pay the costs, charges and expenses of and incidental to the taking, preparation, execution and registration of this Charge and other documents and instruments connected herewith and of every renewal, amendment, release, discharge or extension thereof and of valuing the Land. The said costs, charges and expenses are to be secured hereby even if the principal is not advanced, the same to be charged hereby upon the Land, and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale hereby given, and all other remedies contained in this Charge shall be exercisable forthwith without any notice.

Deemed Reinvestment 26. The Chargor acknowledges and agrees that the deemed re-investment principle shall not be applied to any payments made pursuant to this Charge.

Residence 27. In the event that the Chargor ceases to be a Canadian resident as defined by the Income Tax Act (Canada), the principal hereby secured together with any interest accrued thereon shall become due and payable on demand (at the option of the Chargee).

Prepayment 28. If this Charge is open for repayment at any time, the Chargor, when not in default hereunder, shall have the privilege of paying the whole or any part of the principal amount set out in Box 4 of this Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically (the "Principal Amount") at any time without notice or penalty. If this Charge is not open for repayment at any time, the Chargor, when not in default hereunder, shall have the privilege of paying the whole or any part of the Principal Amount and the privilege of reducing the term of the mortgage upon payment by way of bonus equal to three months interest at the Charge Rate.

Fixtures 29. The parties hereto agree that all erections and improvements now on or hereafter placed upon the land are and shall be and become fixtures and an accession to the freehold and a part of the land and shall be part of the security for the principal amount hereby secured.

Waste 30. The Chargor shall neither commit nor suffer waste upon the Land and the Chargor shall maintain the buildings and other improvements on the Land in good order and repair to the satisfaction of the Chargee.

Other Security 31. This Charge is in addition to and not in substitution for any other security held by the Chargee for all or part of the principal amount hereby secured. The Chargee may pursue its remedies under such other security or hereunder concurrently or successively. Any judgment or recovery hereunder or under such other security shall not affect the right of the Chargee to realize upon this or such other security.

Sale and Leasing 32. No sale or other dealing by the Chargor of the Land shall in any way affect the liability of the Chargor or in any way alter the right of the Chargee as against the Chargor or any other person liable for payment of the principal hereby secured. No part of the Land is now rented or occupied by a tenant. The Chargor may not rent or enter into a tenancy agreement respecting any part of the Land without obtaining written approval from the Chargee. In the event that the Chargor rents or enters into a tenancy agreement contrary to the provisions hereof, the Chargor shall be considered to have done so for the purpose of discouraging the Chargee from taking possession of the Land within the meaning of section 52 of the Mortgages Act.

Taxes 33. The parties agree that the Chargee may deduct from the monies advanced under this Charge an amount sufficient to pay all municipal taxes, education taxes and local improvement rates (hereinafter referred to as "taxes") which have become due or which are unpaid at the date of any advance. The Chargor shall, at the option of the Chargee in each and every month pay to the Chargee one-twelfth of the amount, as estimated by the Chargee, of the taxes next becoming due and payable and the Chargor shall also pay to the Chargee, on demand, the amount, if any, by which the actual taxes exceed such estimated amount. In the event that there is a default in respect of any payment of principal or interest as herein provided, any amount held by the Chargee on account of taxes may be applied towards the principal or interest in default.

Advances 34. The parties agree that the Chargee may deduct from the monies advanced under this Charge an amount sufficient to repay any outstanding amount owing under any previous loan made by the Chargee to the Chargor.

Discharge 35. The Chargee shall have a reasonable time after payment in full of the monies secured by this Charge within which to prepare and execute a cessation of this Charge. All expenses incurred in connection with the preparation, execution and registration of the cessation shall be paid by the Chargor.

Cross Default 36. If the principal amount hereby secured is also secured by another charge or other form of security, payment on one charge or form of security shall constitute payment on both or all and default under any one Charge or form of security shall constitute default under both or all. A default under any security given by the Chargor to secure any other indebtedness of the Chargor to the Chargee shall constitute a default under this Charge and similarly any default under this Charge shall constitute default under any security given by the Chargor to secure any other indebtedness.

Partial Prepayment 37. If a partial payment is made, the payment dates of all remaining instalments and of the balance hereunder shall be accelerated so that the Chargor shall pay the said instalments and balance payable under this Charge on each date after the partial prepayment date on which an instalment or the balance is payable until all monies owing hereunder shall have been fully paid.

Guarantor 38. In consideration of the Chargee making the loan secured by this Charge to the Chargor the Guarantor having read this Charge covenants and agrees with the Chargee that the Guarantor will pay and satisfy or cause to be paid and satisfied when due all principal, interest and other monies secured by or payable pursuant to this Charge and will perform and observe or cause to be performed and observed all the covenants, terms and conditions in this Charge to be performed and observed by the Chargor; and further that the Guarantor is primarily liable jointly and severally with the Chargor to the Chargee for the due payment and satisfaction of such monies and for the due performance and observance of such covenants, terms and conditions and shall not be released nor the Guarantor's liability herein be limited or lessened by;

(a) any variation in or departure from the provisions of this Charge;
(b) any renewal of this Charge upon terms that have not been assented to by the Guarantor;
(c) the Chargee granting time, taking or giving up securities, accepting compositions, granting releases or discharges of the Chargor or the

Land, or any part of them or any other security or otherwise dealing with the Chargor, the Land or any other security or with any other person or persons, matters or things;

(d) any readvance or readvances of the principal at a higher rate of interest or with a longer amortization period;

(e) any want of notice to the Guarantor;

(f) the bankruptcy or winding up of the Chargor or any other circumstance terminating the obligation of the Chargor;

(g) the exercise of the convertibility or portability options below; or

(h) any other matter or thing whatsoever whereby as a Guarantor only the Guarantor would or might be released.

The Chargee shall not be bound to resort to or exhaust any recourse against the Chargor or any other person or security before enforcing its rights hereunder against the Guarantor. Nothing but the payment and satisfaction in full of all monies secured by this Charge and the due performance and observance of all the covenants, terms and conditions of this Charge shall release the Guarantor or this guarantee. All indebtedness of the Chargor to the Guarantor, present and future, is hereby postponed to the indebtedness secured by this Charge, and for the purpose of effecting the same the Chargor and Guarantor agree with the Chargee that no payments whether by way of repayment of indebtedness, loans, advances, dividends, return of capital or otherwise whatsoever, shall be paid by the Chargor to the Guarantor, or received by the Guarantor from the Chargor, without the express written consent of the Chargee until all indebtedness hereby secured has been fully paid and satisfied, and that any payment made or received in contravention of this provision shall be held by the Guarantor in trust for the Chargee and be paid over to the Chargee upon demand.

Portability

39. In the event that:

(a) the Chargor sells the Land to a person who is at arm's length; and

(b) the principal amount is repaid in full; and

(c) the Chargor receives from the Chargee on the date on which the principal amount is repaid, a mortgage advance to purchase or finance other land,

the Chargee shall provide a new loan secured by a new Charge, for the purchase or financing of the other lands and premises as long as:

(i) the Chargee's then current policies, procedures and criteria for approval of new mortgages and documentation requirements are satisfied; and

(ii) the Chargee's then current application and discharge fees are paid; and

(iii) the Chargor pays the then current legal fees, appraisal costs and other expenses incurred in connection with the new Charge.

Convertibility

40. The Chargor, when not in default hereunder, may upon payment of the Chargee's then current administration fee, request the Chargee to enter into an amending agreement to fix the interest rate at such level as may be specified by the Chargee and to fix the monthly payments of principal and interest at such amount and for such term and upon such conditions as may be specified by the Chargee. It shall not be necessary to register any such amending agreement in order for this Charge to retain its priority over any other encumbrances affecting the Land.

Commitment Letter and Mortgage

41. This Charge is being executed and delivered pursuant to a commitment letter or mortgage application between the Chargor and the Chargee. It is understood and agreed that all of the provisions of the said commitment letter or mortgage application including, without limitation, all conditions, representations, warranties and provisos contained therein are hereby incorporated by reference into this Charge and into all other security documents being delivered in connection with this Charge and into any other document requested by the Chargee or required to be delivered from time to time pursuant hereto in order to

furnish the security agreed to be provided for this Charge (all of which security documents or agreements are collectively referred to herein as the "Security Documents") and all such conditions, representations, warranties and provisos as contained in the aforementioned commitment letter or mortgage application shall not merge in any document delivered relating to the loan herein, but shall survive all such deliveries. In the event of any conflict between any of the provisions of the Security Documents and the aforementioned commitment letter or mortgage application, or in the event that any matter is dealt with in any of the aforementioned documents or agreements in different terms not necessarily in conflict, then the Chargee shall have the sole right to determine which provision or provisions shall apply.

It is understood and agreed that default under any one of the Security Documents, commitment letter or mortgage application, shall, at the option of the Chargee, constitute a default under all of the said documents and that no remedy conferred under any of these documents is intended to be exhaustive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given or now existing or hereafter existing by law or by statute.

Environmental Warranties

42. The Chargor warrants as follows:

(a) neither the Chargor nor the Land is subject to any outstanding order from or agreement with any governmental authority having jurisdiction over the Land that relates to the Land's environment (which shall include its surface waters, ground water and drinking water supply, its own surface, sub-surface strata, ambient air and plant/animal life) and that requires any cleanup, treatment or removal by the Chargor of any waste or material alleged to be hazardous or otherwise dangerous or harmful to the Land's environment under applicable law, or levies imposed upon the Chargor the costs therefor;

(b) the use of the Land conforms with all laws applicable to the Land's environment, and the Chargor has no notice of any complaint or enquiry to the contrary;

(c) there are no storage tanks, active or abandoned, on or under the surface of the Land; and

(d) to the best of the Chargor's knowledge, after due and diligent inquiry, no other condition exists on or under the surface of the Land that could reasonably be expected to render the Chargor liable for an infraction under any law applicable to the Land's environment.

The Chargee or an agent of the Chargee may, at any time, both before and after default, and for any purpose deemed necessary by the Chargee enter upon the Land to inspect the Land and buildings thereon. Without limiting the generality of the foregoing, the Chargee may enter upon the Land to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee and the reasonable cost of such testing, assessment, investigation or study, with interest at the Charge Rate shall be payable by the Chargor forthwith and shall be a charge upon the said Land. The exercise of any of the powers enumerated in this paragraph shall not deem the Chargee or its agents to be in possession, management or control of the Land.

Building Charge

43. If the Charge secures monies used or to be used to finance improvements, the following conditions shall apply:

(a) The Chargor shall construct improvements on the Land in accordance with plans and specifications which have been approved by the Chargee and carry on diligently to completion the said improvement to the satisfaction of all governmental and regulatory authorities having jurisdiction. The improvement being erected or to be erected on the Land shall form part of the security for the full amount of the monies secured by the Charge.

(b) If construction on the project on the Land ceases for any reason whatsoever (strike, material shortages, and weather conditions beyond the control of the Chargor excepted) for a period of ten (10) consecutive days, then this Charge, at the option of the Chargee, shall immediately become due and payable. In the event that construction ceases, then the Chargee shall have the right, at its sole option, to assume complete control of the construction of the said project in such manner and on such terms as it deems advisable. The cost of completion of the said project by the Chargee and all expenses incidental thereto (collectively, the "Completion Costs") together with a management fee of fifteen percent (15%) of the Completion Costs shall be added to the principal amount of this Charge, and shall bear interest at the rate as herein provided for and shall form part of the principal amount herein and the Chargee shall have the same rights and remedies with respect to the collection of same as it would have with respect to collection of principal and interest hereunder or at law.

(c) The Chargee may, at its option, require the Chargor to execute a further agreement pertaining to the construction of the improvements. In the event that the provisions hereof are inconsistent with the provisions of such agreement the provisions of such agreement shall prevail.

Renewal

44. This Charge may, at the Chargee's option, be renewed or amended or extended by an agreement in writing for any term with or without an increased rate of interest or amortization period and with or without an increase in the principal amount then outstanding, provided that the principal amount shall not at any time exceed the amount set out in Box 4 of this Charge or as set out in the applicable computer fields of a Charge in an electronic format that is registered electronically. It shall not be necessary to register any such agreement in order for this Charge to retain its priority over a subsequent encumbrance. The entering into of such agreement shall not release from liability for or in respect of this Charge any person who is liable hereunder and who does not sign such agreement. In the event that the Chargor fails to execute a renewal agreement, the Charge, at the Chargee's option, shall be deemed to have been renewed on the terms set out in the renewal agreement.

Condominiums

45. In the event that the Land is registered under the Condominium Act or is proposed to be registered under the Condominium Act, the following provisions shall apply to this Charge:

Insurance: Notwithstanding anything hereinbefore contained to the contrary, the Chargor covenants with the Chargee that the Chargor or the Condominium Corporation or both of them shall forthwith insure and, during the continuance of this Charge, keep insured in favour of the Chargee, against loss or damage by fire, the unit and its appurtenant common interest, as well as each and every building which may hereafter be erected thereon both during erection and thereafter, for an amount of not less than one hundred per cent (100%) of the full replacement cost of each and every building. The Chargor further covenants with the Chargee that the Chargor or the Condominium Corporation or both of them shall forthwith insure and, during the continuance of this Charge, keep insured, as the Chargee may require, the aforementioned unit and its appurtenant common interest, as well as each and every building on the said land and each and every building hereafter erected thereon, both during erection and thereafter, against loss or damage by tempest, tornado, cyclone, lightning and such other risks and perils as the Chargee may deem expedient. In the case of commercial properties, this covenant shall, in addition, include boiler, plate glass, rental and public liability insurance in an amount satisfactory to the Chargee. Prior to the making of any advance by the Chargee, the Chargor or the Condominium Corporation or both of them shall forthwith assign, transfer and deliver over unto the Chargee each such policy and receipts relating thereto and evidence of payment of all premiums due. Should notice of cancellation of any such policy be given, the Chargor or the Condominium Corporation or both of them shall deliver to the Chargee evidence of renewal or replacement fifteen (15) days in advance of the expiration of the same. Every policy of insurance shall be effected on such terms and with such insurer as may be approved by the Chargee. Mortgage clauses, stated amount co-insurance clauses and all such other clauses as the Chargee may require, all in a form approved by the Chargee, will be attached to and form part of all insurance policies. Loss under each policy shall be made payable to the Chargee as its interest may appear with reference in its favour over any claim of any other person.

Each policy shall be retained by the Chargee during the currency of this loan. Should an insurer at any time cease to have the approval of the Chargee, the Chargee or the Condominium Corporation or both of them shall effect such new insurance as the Chargee may require. In the event that the Chargor shall for any reason fail to keep the said premises so insured or fail to deliver the policies of insurance placed and pay the premiums thereon, the Chargee may, at the Chargee's option pay the premiums and any premiums so paid shall be secured by this Charge and repaid by the Chargor in lawful money of Canada within ten (10) days after payment by the Chargee. In default thereof, the principal sum and interest and the insurance premium with interest thereon may become due at the election of the Chargee.

In the event of loss or damage, the Chargor or the Condominium Corporation or both of them shall notify the Chargee. The Chargor and the Condominium Corporation shall forthwith upon such event comply fully with the terms of the policy or policies of insurance, and without limiting the generality of any clause in this Charge or the obligation of the Chargor to observe and perform all the duties and obligations imposed by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation, the Chargor shall comply with the insurance provisions of the Declarations. Further the Chargor shall furnish at his own expense all necessary proofs and do all necessary acts to enable the Condominium Corporation or the Insurance Trustee pursuant to the Insurance Trust Agreement between the Condominium Corporation and the Trustee to obtain payment of the insurance monies in accordance with the Declaration.

In the event of loss or damage, the Chargee shall have the right to apply the proceeds arising from the insurance policy wholly or in part in reduction of any principal then remaining unrepaid, notwithstanding that no amount at such time may be due and payable under the terms of repayment and/or to pay such proceeds in whole or in part to the Chargor or to the assigns of the Chargor, in which event the sum shall not be credited on the mortgage account, or partly in one or partly in other or others of manner. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee. All of the foregoing covenants and provisions as to insurance shall apply to all buildings whether now or hereafter erected on the said lands. The Chargor, as a member of the Condominium Corporation, shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

Observance - Declaration and By-laws: Common Expenses: The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on him by the Condominium Act and by the Declaration and the By-laws as amended from time to time, of the Condominium of which this unit forms a part by virtue of his ownership of the said parcel. Any breach of the said duties and obligations shall constitute a breach of covenant under this

Charge.

Without limiting the generality of the foregoing, the Chargor covenants to pay on or before the dates of payment, all monies due and payable pursuant to the provisions of the Declaration and By-laws, including any special assessments or common expenses required of him as an owner of the said lands. Upon failure to make said payments, the Chargee may, at its option, pay any such monies owing, whether or not any payment in default has priority to this Charge or any part of the monies secured hereby, and the amount paid by the Chargee shall be forthwith due and payable to the Chargee by the Chargor, together with interest at the Charge Rate and shall be a charge upon the said lands to the same extent and effect as the principal monies and interest hereby secured. The Chargor covenants to transmit to the Chargee forthwith upon the demand of the Chargee, satisfactory proof that all common expenses or special assessments levied or assessed against the unit have been paid as assessed. Failure to make any such payment shall be deemed to be a default under the terms of this Charge and the Chargee may exercise its rights under the terms of this Charge as if the Chargor had failed to make the other payments required herein, whether or not such payments have actually been made by the Chargee.

The Chargor acknowledges that he has received a copy of the Declaration and By-laws (individually a "By-law" and collectively, the "By-laws") of the Corporation of which this unit forms a part and agrees to comply with the stipulations, restrictions, covenants and provisions therein and with the By-laws or Rules and Regulations passed pursuant thereto from time to time.

The Chargor covenants with the Chargee to deliver to the Chargee in person or by prepaid registered mail, a copy of the following:

(i) each Notice of Meeting sent to the Chargor pursuant to the provisions of the Declaration and By-laws or the Condominium Act, either as owner of the unit or as a member of the Corporation, which copy is to be received by the Chargee at least five (5) days prior to the date upon which such meeting is fixed to convene;

(ii) every claim against the Chargor or demand for payment from the Chargor, made pursuant to the provisions of the Declaration and By-laws, which copy is to be received by the Chargee at least five (5) business days prior to the date upon which such claim or demand becomes due and payable;

(iii) every notice received by the Chargor of a breach by the Chargor of the provisions, restrictions, terms, specifications or stipulations set out in the Declaration and By-laws, which copy is to be received by the Chargee within five (5) days of the date upon which such notice is received by the Chargor;

(iv) every request or claim for the consent of the Chargor affecting the unit or the common elements of the condominium plan, which copy is to be received by the Chargee within five (5) days of the date upon which such demand or request is received by or made of the Chargor;

(v) any information known to the Chargor concerning the termination of the Management Agreement or Insurance Trust Agreement for the Corporation, such information to be delivered to the Chargee immediately upon the Chargor learning of such information.

The Chargor charges his interest in the assets of the Corporation, which assets are now owned or may hereinafter be acquired by the Corporation, in a like manner as the lands charged in this Charge.

The Chargor covenants that he will not without permission in writing from the Chargee, do any act or fail to do any act which will or may have the effect of furthering any of the following:

(i) the engagement by the Corporation of a management company or other person for the property who is not or who has not been actively engaged in the field of professional property management; or

(ii) the leasing by the corporation of any of the common elements of the property.

The Chargor hereby grants unto the Chargee the right to inspect at reasonable times, and from time to time, all of the Corporation's records as provided in the Declaration and By-laws and, if requested by the Chargee, shall direct and authorize the Corporation to do all things to enable the Chargee to so inspect the records.

Provided, and it is hereby agreed by and between the Chargor and the Chargee that, in the event that the government of the property included in the Condominium Plan is terminated, or in the event of the sale of the property or of a part of the common elements of the Condominium Plan being authorized by a vote of the owners of the units on the said Plan, then, in such event, the monies hereby secured shall forthwith become due and payable, at the option of the Chargee, and all the powers by this Charge conferred shall become exercisable, notwithstanding any consent given by the Chargee to such termination or sale.

Right to Vote: The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an owner of the said lands to vote or to consent or to not vote or to refuse to consent in all matters relating to the affairs of the said Corporation without in any way consulting the Chargor in the manner in which the vote shall be exercised or not exercised and without incurring any liability to the Chargor or anyone else because of the manner in which such vote or right to consent in the affairs of the Corporation was exercised or not exercised and provided that:

(1) the Chargee shall not have the right to vote or consent unless it gives notice in writing to the Chargor and the Condominium Corporation that the Chargee does intend to exercise the said right to vote or consent and in that event, until the Chargee revokes the said notice, the Chargor shall not exercise the right to vote or consent and the Chargee shall have such rights. Should the Chargee not give notice as foresaid of its intention to exercise its right to vote or give consent, then until the giving of such notice, the Chargor may exercise the right to vote or consent. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(2) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or to protect the interest of the Chargor or to give the notice contemplated by Clause (1) above;

(3) The exercise of the right to vote or consent shall not constitute the Chargee a Chargee in possession.

Legal Advice 46. The Chargor acknowledges that the Chargor and the Chargee will be represented by one solicitor and that such arrangement may create a conflict of interest. The Chargor may be represented by a separate solicitor at the Chargor's expense. If the Chargor or any Guarantor chooses to be represented by the same solicitor who represents the Chargee, the Chargor and such Guarantor shall be deemed to have waived the Chargor's or the Guarantor's right to obtain independent legal advice.

Interpretation 47. In construing these covenants the words "Charge", "Chargee", "Chargor", "Land" and "Successor" shall have the meanings assigned to them in Section 1 of the Land Registration Reform Act, 1984 and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", and "he", "she", "they", or "it", "his", "her", "their" or "its" respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon, his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several. The headings or notes preceding each paragraph herein are for reference purposes only and do not form part of the covenants herein contained.

ACKNOWLEDGEMENT

This Set of Standard Charge Terms is included in a Charge dated the day
of , made by:

as Chargor(s)

To: **Kawartha Credit Union Limited**

as Chargee

and each Chargor and Guarantor hereby acknowledge receiving a copy of this Set of Standard Charge Terms before signing this Charge.

____
Chargor

____
Chargor

____
Guarantor

FILED BY: KAWARTHA CREDIT UNION LIMITED
BY ITS SOLICITORS
LILLICO BAZUK KENT GALLOWAY
Per:
GARNET M. KENT

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200542 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200543 Cote
Filing Date 15th Dec. 2005 Date de Dépôt
Page 1 of/de 32 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Standard Charge Terms
Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. It is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

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You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 Building mortgage

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 *CIBC AeroMortgage® and CIBC Hbc Rewards† Mortgage*

If you have a CIBC AeroMortgage or a CIBC Hbc Rewards Mortgage, the following conditions apply to Aeroplan® Miles or Hbc Rewards bonus points related to your mortgage:

- Only one Aeroplan or Hbc account is eligible for Aeroplan Miles or Hbc Rewards bonus points on your mortgage.
- You must designate a planholder who has reached the age of majority in the province where they reside.
- The planholder's account number provided by you (or assigned by Aeroplan LP or Hudson's Bay Company) will be credited with Aeroplan Miles or Hbc Rewards bonus points, according to the terms and conditions in this section.
- If the mortgage is in good standing and payments are up to date, we will credit the planholder's account with Aeroplan Miles or Hbc Rewards bonus points on the interest portion of the regular payment paid by you. Aeroplan Miles and Hbc Rewards points will not be awarded on amounts paid by anyone other than you, including, without limitation, payments made by others (such as employers) under subsidized mortgages or group plans. We alone determine the actual number of points to be credited to the planholder.
- If the mortgage is not up to date, we will stop crediting Aeroplan Miles or Hbc Rewards bonus points. We will credit any accrued Aeroplan Miles or Hbc Rewards bonus points when payments are brought up to date.
- The planholder alone will be responsible for any tax obligations, including any tax reporting obligations that result from receiving or redeeming Aeroplan Miles or Hbc Rewards bonus points.

®Aeroplan and AeroMortgage are registered trademarks of Aeroplan LP. CIBC and CIBC Mortgages Inc. are licensees of these marks.

†Hbc Rewards is a trademark of Hudson's Bay Company. CIBC and CIBC Mortgages Inc. are licensees of mark.

- Except as stated below, the designation of a planholder cannot be changed during the term of the mortgage or during the period of any renewal. The designated planholder can only be changed at the time of conversion or renewal, or when the mortgage has reached maturity.
- If this mortgage is assumed by another person, or if title to your property is transferred, we will continue to credit Aeroplan Miles or Hbc Rewards bonus points to the designated planholder until a new planholder is designated in writing by everyone who signed the mortgage. We will start crediting Aeroplan Miles or Hbc Rewards bonus points to the new planholder on the first payment date after we have received a change in designation that is agreed to by everyone who signed the mortgage.
- Aeroplan Miles and Hbc Rewards bonus points that you accumulate on your mortgage have no monetary value and can only be redeemed according to the rules established by Aeroplan LP or Hudson's Bay Company. Aeroplan Miles and Hbc Rewards bonus points cannot be transferred to another person.
- We have the right to cancel the CIBC AeroMortgage program or the CIBC Hbc Rewards program at any time without notifying you in advance.

3. Interest

3.1 Interest rate

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 Payment frequency

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 If you have a fixed interest rate mortgage

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 If you have a variable interest rate mortgage

If you have a variable interest rate mortgage, interest on your loan is calculated daily using a simple interest formula (which is the same as calculated yearly), not in advance. Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate. Interest is calculated by multiplying the outstanding principal amount by the current mortgage rate in effect at the time. The result is then divided by 365 and then multiplied by the number of days in the payment period during which the then current mortgage rate was in effect. Interest is calculated in this way whether or not it is a leap year. Interest is payable on each regular payment date.

If your mortgage is a CIBC Better Than Prime Mortgage™, the interest rate will be the CIBC Better Than Prime Mortgage Rate of CIBC as shown on the Charge/Mortgage of Land. The CIBC Better Than Prime Mortgage Rate will vary from time to time.

For all other variable interest rate mortgages, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time.

For **all** variable interest rate mortgages, the interest rate will change **automatically** every time there is a change in the CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate. These changes will occur without you being notified.

™ CIBC Better Than Prime Mortgage is a trademark of CIBC.

You can always find the current CIBC Prime Rate and the current CIBC Better Than Prime Mortgage Rate at any CIBC branch in Canada.

If there is a need to prove the CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

The amount of interest that has accumulated on your loan amount from one regular payment date to the next that is more than your regular payment is called deferred interest. We will charge you interest on the deferred interest at the current mortgage rate starting on the payment date on which the interest became deferred interest. On the next payment date, interest on the deferred interest will be added to the deferred interest. Once it is added, it becomes part of the deferred interest owing, and interest is charged on it. This will continue until all of the deferred interest is paid. You can find out the amount of any deferred interest owing at any time by contacting us.

3.5 *Interest on amounts advanced to you before the interest adjustment date*

If this is a fixed rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated using the rate and method in effect for your mortgage on the date we advance you the money. You can find out what this rate is by contacting us or any CIBC branch in Canada.

If this is a variable rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated daily at your current mortgage rate.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.6 *Interest on overdue amounts*

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately, both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.7 *Interest adjustment when payment frequency changes*

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.8 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

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We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a CIBC branch and give us authorization to automatically deduct each payment of principal, interest, taxes and life insurance premiums (if applicable) when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 The effect of variable interest rates on your payments

(applies ONLY to variable rate mortgages)

If you have a variable rate mortgage, the interest rate on your mortgage may change from time to time. However, your regular payment will stay the same, unless you change your regular payment as allowed by this mortgage.

Section 4.8 below describes how we apply your payments. Your regular payments are applied to interest owing on the outstanding principal amount up to the date of the payment before they are applied to the principal amount. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest portion of your regular payments, the amortization period of the mortgage may increase. If this happens, you must increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement that you signed.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all overdue amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any collection expenses.
2. To pay any life insurance premiums on the mortgage.
3. To bring into good standing any accounts related to the mortgage in which we hold funds for payment to others or from which amounts are debited, including tax accounts.
4. To pay any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

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Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. The actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have a variable rate mortgage with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract collection expenses	$45.00
Step 3: Subtract life insurance premiums	$62.00
Step 4: Subtract estimated taxes	$55.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$268.49$$

Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$40.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$0.12$$

Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payment*

(applies ONLY if you have a fixed rate closed mortgage, a 6-month convertible closed mortgage, or a CIBC Better Than Prime Mortgage)

You may increase the amount of your regular payment at any time without paying a prepayment charge. The total of these increases during the term of your mortgage cannot be more than 100% of your original regular payment amount.

You may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization period.

To qualify for increasing or decreasing your payments, you must also meet the following conditions:

- you must have met all your obligations under the mortgage;

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- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 Prepaying your open mortgage without paying a prepayment charge

(applies ONLY if you have a fixed rate open mortgage or a variable rate open mortgage)

If this is a **fixed rate open mortgage** or a **variable rate open mortgage,** you may prepay all or any part of the loan amount without paying a prepayment charge. You may prepay the entire loan amount at anytime, but a partial prepayment can only be made on a regular payment date. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

4.11 Prepaying your closed mortgage without paying a prepayment charge

If you have a **fixed rate closed mortgage,** or a **6-month convertible closed mortgage,** you may, in each calendar year, prepay up to 10% of the original principal amount without paying a prepayment charge. This amount increases to 15% if you have a **CIBC AeroMortgage** or a **CIBC Better Than Prime Mortgage.** The following conditions apply:

- you may only make a prepayment on a regular payment date;
- you may make more than one prepayment in a calendar year, but the total of all prepayments in any calendar year cannot be more than the 10% or 15% limit, whichever applies;
- each prepayment must be at least $100.00;
- if you do not use any or all of this privilege in a calendar year, you cannot carry forward any unused portion of the privilege to a future calendar year;
- this privilege of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage even if you have not used this privilege in the calendar year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.12 Prepaying your mortgage with prepayment charges

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay, in addition to the outstanding loan amount owing on the date of prepayment. Interest costs will be calculated at your mortgage interest rate that is in effect on the date the mortgage payout statement is prepared.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying a CIBC Better Than Prime Mortgage

If you have a **CIBC Better Than Prime Mortgage,** you may prepay more than the 15% allowed in a calendar year or prepay all of the outstanding principal amount of your mortgage, but a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 15% allowed in any calendar year and the interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement. You can prepay your mortgage in full at any time before the maturity date.

Prepaying a fixed rate closed mortgage or a 6-month convertible closed mortgage

If you have a **fixed rate closed mortgage** or a **6-month convertible closed mortgage,** you may prepay some or all of the outstanding principal amount of your mortgage before maturity. The following conditions will apply.

If you make a **partial** prepayment that is more than what is allowed in section 4.11, the prepayment can only be made on a regular payment date and a prepayment charge will be applied to the amount of your prepayment that is more than what is allowed in section 4.11. If you prepay the **entire** outstanding principal amount, the prepayment can be made at any time before the maturity date and a prepayment charge will be applied to the full amount of the prepayment.

In both cases, this prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. Also, in both cases, the prepayment charge will be the **higher** amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate; or
- the interest rate differential amount, which is explained below.

If you are making a **partial** prepayment that is more than allowed in section 4.11, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate.
2. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of your mortgage at the interest rate posted by us on the date of prepayment for the type of mortgage described in the chart below. Use the chart below to find out what interest rate would apply in your case.

If the length of time between the prepayment date and the maturity date of your mortgage is:	**We will use the posted interest rate charged by us on the date of prepayment for a CIBC brand closed mortgage product similar to yours with a term of:**
Less than or equal to 12 months	6 months
Greater than 12 months and less than or equal to 18 months	1 year
Greater than 18 months and less than or equal to 30 months	2 years
Greater than 30 months and less than or equal to 42 months	3 years
Greater than 42 months and less than or equal to 54 months	4 years
Greater than 54 months and less than or equal to 78 months	5 years
Greater than 78 months and less than or equal to 102 months	7 years
Greater than 102 months and less than or equal to 120 months	10 years

Note: Any discount you received on your existing annual interest rate includes any program discount you received, such as the CIBC Better Than Posted Mortgage™ Promotional Rate and the CIBC Better Than Posted Mortgage Ongoing Rate.

If you are prepaying the **entire** outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying, calculated from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate.
2. The interest costs on the amount you are prepaying, calculated from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of your mortgage at the interest rate posted by us on the date we prepare the payout statement for the type of mortgage described in the chart below. Use the chart below to find out what interest rate would apply in your case.

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If the length of time between the Statement Effective Date and the maturity date of your mortgage is:	**We will use the posted interest rate charged by us on the date the mortgage payout statement is prepared for a CIBC brand closed mortgage product similar to yours with a term of:**
Less than or equal to 12 months	6 months
Greater than 12 months and less than or equal to 18 months	1 year
Greater than 18 months and less than or equal to 30 months	2 years
Greater than 30 months and less than or equal to 42 months	3 years
Greater than 42 months and less than or equal to 54 months	4 years
Greater than 54 months and less than or equal to 78 months	5 years
Greater than 78 months and less than or equal to 102 months	7 years
Greater than 102 months and less than or equal to 120 months	10 years

Note: Any discount you received on your existing annual interest rate includes any program discounts you received such as the CIBC Better Than Posted Mortgage Promotional Rate and the CIBC Better Than Posted Mortgage Ongoing Rate.

Here are two examples of how you can estimate prepayment charges. The results in these examples are only estimates. The actual amounts may be higher or lower than the estimates.

Example of how to estimate the prepayment charge for a partial prepayment

Peter has a CIBC Better Than Prime Mortgage. This is a variable rate mortgage. His original principal amount was $150,000.00.

Each year he is allowed to make a 15% prepayment, which is $22,500.00, without any prepayment charges. He has not made a prepayment in the current calendar year.

He wants to make a payment of $35,000.00 to reduce his mortgage. He can prepay $22,500.00, without a prepayment charge, but he must pay a prepayment charge on the remaining $12,500.00.

Because Peter has a CIBC Better Than Prime Mortgage, the prepayment charge is equal to three months' interest at the CIBC Prime Rate in effect on the prepayment date, which is 5.000%.

Here is how Peter can estimate the prepayment charge.

Step 1: The amount that is more than his 15% prepayment privilege.	$12,500.00
Step 2: The CIBC Prime Rate in effect on the date of prepayment, written as a decimal. Thus, 5.000% = .05.	0.05
Step 3: He multiplies the prepayment amount by the interest rate. This is equal to an estimate of one year's interest.	$625.00
Step 4: He divides the annual interest cost by 12 to get an estimate of one month's interest.	$52.08
Step 5: He multiplies this by three to get an estimate of three months' interest. This is the estimate of the prepayment charge.	$156.24

When Peter makes his prepayment, he needs to pay an estimated additional amount of $156.24 to pay for the prepayment charge. This is only an estimate. Peter can call CIBC Mortgages Inc. or his CIBC branch to find out the exact amount of the prepayment charge.

If the length of time between the Statement Effective Date and the maturity date of your mortgage is:	We will use the posted interest rate charged by us on the date the mortgage payout statement is prepared for a CIBC brand closed mortgage product similar to yours with a term of:
Less than or equal to 12 months	6 months
Greater than 12 months and less than or equal to 18 months	1 year
Greater than 18 months and less than or equal to 30 months	2 years
Greater than 30 months and less than or equal to 42 months	3 years
Greater than 42 months and less than or equal to 54 months	4 years
Greater than 54 months and less than or equal to 78 months	5 years
Greater than 78 months and less than or equal to 102 months	7 years
Greater than 102 months and less than or equal to 120 months	10 years

Note: Any discount you received on your existing annual interest rate includes any program discounts you received such as the CIBC Better Than Posted Mortgage Promotional Rate and the CIBC Better Than Posted Mortgage Ongoing Rate.

Here are two examples of how you can estimate prepayment charges. The results in these examples are only estimates. The actual amounts may be higher or lower than the estimates.

Example of how to estimate the prepayment charge for a partial prepayment

Peter has a CIBC Better Than Prime Mortgage. This is a variable rate mortgage. His original principal amount was $150,000.00.

Each year he is allowed to make a 15% prepayment, which is $22,500.00, without any prepayment charges. He has not made a prepayment in the current calendar year.

He wants to make a payment of $35,000.00 to reduce his mortgage. He can prepay $22,500.00, without a prepayment charge, but he must pay a prepayment charge on the remaining $12,500.00.

Because Peter has a CIBC Better Than Prime Mortgage, the prepayment charge is equal to three months' interest at the CIBC Prime Rate in effect on the prepayment date, which is 5.000%.

Here is how Peter can estimate the prepayment charge.

Step 1: The amount that is more than his 15% prepayment privilege.	$12,500.00
Step 2: The CIBC Prime Rate in effect on the date of prepayment, written as a decimal. Thus, 5.000% = .05.	0.05
Step 3: He multiplies the prepayment amount by the interest rate. This is equal to an estimate of one year's interest.	$625.00
Step 4: He divides the annual interest cost by 12 to get an estimate of one month's interest.	$52.08
Step 5: He multiplies this by three to get an estimate of three months' interest. This is the estimate of the prepayment charge.	$156.24

When Peter makes his prepayment, he needs to pay an estimated additional amount of $156.24 to pay for the prepayment charge. This is only an estimate. Peter can call CIBC Mortgages Inc. or his CIBC branch to find out the exact amount of the prepayment charge.

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Example of how to estimate the prepayment charge for prepaying the full amount of a fixed-rate mortgage

Maria has a 5-year fixed rate closed mortgage. When she arranged the mortgage, she received a discount of .500% below the posted interest rate of 7.000%. So, her annual interest rate is 6.500%.

The principal amount she still owes is $100,000.00. She has two years (or 24 months) left in the term of this mortgage. However, Maria has just inherited some money and wants to pay off the mortgage.

In Maria's case, the prepayment charge will be the higher of the following two amounts:

- three months' interest at her interest rate of 6.500% plus the discount she received of .500%, which is equal to 7.000%; or
- the interest rate differential amount.

Here is how Maria can estimate the prepayment charge for paying off the mortgage.

Three Months' Interest

First, she has to estimate three months' interest on the amount she is paying.

Step 1: She writes down the amount she wants to pay off.	$100,000.00
Step 2: She writes down her interest rate plus the discount, written as a decimal. So, 7.000% becomes .07.	0.07
Step 3: She multiplies the amount she is prepaying by her interest rate plus the discount ($100,000.00 x .070) to get the estimated annual interest costs.	$7,000.00
Step 4: She divides the estimated annual interest cost by 12 to get an estimate of one month's interest.	$583.33
Step 5: She multiplies this by 3 to get the estimate of three months' interest.	$1,749.99

An estimate of three months' interest would be $1,749.99.

Interest Rate Differential Amount

Now, she has to estimate the interest rate differential amount. Here is how she does that.

Step 1: She writes down her annual interest rate, plus the discount. So, 6.500% plus .500% equals 7.000%.	7.00
Step 2: She looks in the chart to see what interest rate will be used to calculate the interest rate differential amount. The chart says it will be the posted rate for a 2-year CIBC brand closed mortgage product similar to Maria's on the date the mortgage payout statement is prepared. She calls her CIBC branch to ask what that rate is today. They tell her it is 5.000%.	5.00
Step 3: She subtracts the result from step 2 from the result from step 1.	2.00
Step 4: She writes the result from step 3 as a decimal, which is the same as dividing it by 100.	0.02
Step 5: She multiplies the amount she is going to pre-pay ($100,000.00) by the result from step 4.	$2,000.00
Step 6: She divides the amount in step 5 by 12.	$166.67
Step 7: She multiplies the result of Step 6 by the number of months left in the term of her mortgage, which is 24 months.	$4,000.00

The Estimated Prepayment Charge

In Maria's case, the estimated prepayment charge is the higher of the estimated three months' interest costs of $1,749.99 and the estimated interest rate differential amount of $4,000.00. So, if Maria's mortgage payout statement was prepared today, an estimate of her prepayment charge would be $4,000.00.

This is only an estimate. Maria should call CIBC Mortgages Inc. or her CIBC branch to find out the exact amount.

4.13 *Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes*

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 *Prepayment charges for U.S.A. residents*

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.15 *Date of the mortgage*

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal and early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.16 *Repaying the cash back option*

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property within 60 days and we finance the new mortgage under section 14, "Portability" in these Standard Charge Terms;
- the mortgage is discharged; or
- we sell your property under power of sale.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, assumed, refinanced or when you take advantage of early renewal or portability.

5. Early renewal of open mortgages

(applies ONLY if you have a fixed rate open mortgage or a variable rate open mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must apply in person at any CIBC branch;
- you must select from the mortgage options that we offer under the CIBC brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;

- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

(applies ONLY if you have a 6-month convertible closed mortgage, a CIBC Better Than Prime Mortgage, or a variable rate open mortgage)

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may convert your mortgage to another CIBC brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- you must have met all your obligations under the mortgage;
- if you have a **6-month convertible closed mortgage,** you must convert your mortgage to a fixed rate closed mortgage having a term of one year or more, or to a CIBC Better Than Prime Mortgage with a term of five years;
- if you have a **CIBC Better Than Prime Mortgage,** you must convert your mortgage to a fixed rate closed mortgage having a term of three years or more;
- you must apply in person at any CIBC branch;
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- you must pay us any administration and processing fees that apply to converting the mortgage;
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to converting your mortgage, including the costs of registration of the conversion documents.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement you sign.

7. Designated amount

(applies ONLY if you have a CIBC Better Than Prime Mortgage, or a variable rate open mortgage)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the designated amount; or

- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage".

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Your obligations related to your property

8.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

8.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, and that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.

- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

8.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

8.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

8.5 Property taxes

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments. The table below outlines how we calculate your tax instalments.

If your regular mortgage payments are:	Then your tax instalment will be calculated as follows:
Weekly	Estimated annual taxes divided by 365 and then multiplied by 7 (the number of days in the payment period)
Bi-Weekly	Estimated annual taxes divided by 365 and then multiplied by 14 (the number of days in the payment period
Semi-Monthly	Estimated annual taxes divided by 24 (the number of payments in the year)
Monthly	Estimated annual taxes divided by 12 (the number of payments in a year)

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

If the taxes on your property are more than our estimate, or if for any other reason the amount you have paid to us for taxes is less than the amount we have paid for taxes, we will charge you interest at the mortgage rate on the difference.

If you want to take advantage of any discount or avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

8.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

8.7 Leasing or renting your property to another person

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

8.8 Hazardous or illegal substances, environmental regulations, and illegal activities

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or by Genworth Financial Mortgage Insurance Company Canada (Genworth), CMHC or Genworth, or their agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for all of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, CMHC, or Genworth enforce our rights under this section, we, CMHC or Genworth will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of CMHC and Genworth.

8.9 *Ontario New Home Warranties Plan Act*

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

8.10 *Possession of your property on default*

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

9. Condominium

(applies ONLY to property that is a condominium unit)

9.1 *Compliance with the Condominium Act, 1998*

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

9.2 *Payment of amounts and common expenses*

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

9.3 *Notices and demands*

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

9.4 *Voting rights*

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act,1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

9.5 *Acceleration of repayment of the loan amount*

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act,1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act,1998,* its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 9.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

9.6 *Insurance*

Under the *Condominium Act, 1998,* the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

10. Our rights

10.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

10.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

10.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
    - interest owing under the mortgage; and
    - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.

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- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

10.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person who has obligations under the mortgage, including a guarantor, to meet those obligations.

10.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

10.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

10.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

10.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any CIBC branch in Canada, or by contacting us.

10.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

11. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

12. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;

- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

13. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

14. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 60 days of the sale of your original property, we may provide financing for the purchase of the new property. You will be required to give us a mortgage on your new property. The following conditions apply:

- You must apply in writing.
- The term of the new mortgage must be equal to the remaining term of this mortgage.
- The sale of your original property must be in good faith and be an "arms-length" sale.
- On the date you complete the sale of your original property, the loan amount must be paid in full, including all applicable prepayment charges. However, if the new mortgage is advanced to you within 60 days of the prepayment of the original mortgage, we will refund the prepayment charge to you, **unless** the principal amount of the new mortgage is less than the principal amount still owing under the original mortgage on the date of prepayment (see below).
- If the principal amount of the new mortgage is the **same as** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage.
- If the principal amount of the new mortgage is **less than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage. In this case, we will **not** refund to you any prepayment charge you paid on the amount of the outstanding principal amount of the original mortgage that is greater than the principal amount of the new mortgage.
- If the principal amount of the new mortgage is **greater than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate for the new mortgage will be:

Original Mortgage Type	Interest Rate
Variable rate mortgage	The variable interest rate for this mortgage.
Fixed rate mortgage (with a remaining term of 12 months or less)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed CIBC brand mortgage product similar to yours having a 6-month term.
Fixed rate mortgage (with a remaining term of more than 12 months)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed CIBC brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

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- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met. This includes the mortgage insurance requirements of the Canada Mortgage and Housing Corporation (CMHC) or Genworth Financial Mortgage Insurance Company Canada (Genworth), if applicable.
- You will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

15. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

16. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

17. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

18. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

19. *National Housing Act*

All CMHC insured mortgages are made according to the *National Housing Act*.

20. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

21. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon your mortgage. We will use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting any branch of CIBC.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it.

22. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

Appendix 1
Equivalent Interest Rates

If the interest rate specified in your mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below.

MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY
1.000	1.00209	9.000	9.17045	17.000	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	10.000	10.21066	18.000	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	11.000	11.25519	19.000	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	12.000	12.30403	20.000	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	13.000	13.35721	21.000	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	14.000	14.41474	22.000	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	15.000	15.47664	23.000	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	16.000	16.54291	24.000	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

DATED at Toronto, this 9 day of December, 2005.

Patricia M. Knight

STANDARD CHARGE TERM
CLAUSES TYPES DE CHARGE
Filing No. 200543

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200544 Cote
Filing Date 15 Dec. 2005 Date de Dépôt
Page 1 of/de 33 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

STANDARD CHARGE TERMS
THE TORONTO-DOMINION BANK

Land Registration Reform Act

The following set of Standard Charge Terms will be deemed to be included in every *Mortgage* in which this set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act*.

While these Standard Charge Terms use common words, some words have a precise, particular meaning. These words are italicized. Definitions of the italicized words that are used in these Standard Charge Terms may be found in Article 11. All other words have their ordinary meanings.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200544 Date

PART A – GENERAL PROVISIONS
(Applicable to all Mortgages)

ARTICLE 1
CHARGE AND PROMISES

1.01 You Give your Property as Security.

In return for the *Bank* agreeing to loan money to *you* or to loan money to someone else when *you* guarantee payment, *you* agree as follows:

(a) if *you* are the owner of the *Property*, *you* charge *your* entire interest in the *Property* to the *Bank*;

(b) if the *Property* includes *Leased Property you* charge the *Leased Property* to the *Bank* as security as set out in Article 8.02;

(c) the *Mortgage* is given to secure repayment of all existing and future advances, loans or lines of credit from the *Bank* to *you*, to secure any existing and future guarantees that *you* provide to the *Bank* and to secure *your* performance of all of the *Obligations*.

1.02 Your Promises to the Bank.

You promise and confirm that:

(a) *you* will pay all of the *Debt* to the *Bank* and perform all of the other *Obligations* as provided in the *Mortgage* and the *Credit Documents*;

(b) *you* are the lawful owner of the *Property* (unless the *Property* is *Leased Property*) and no other person owns all or part of the *Property*;

(c) *you* have the right to give the *Mortgage* to the *Bank* and charge the *Property* in favour of the *Bank*;

(d) if *you* do not pay the *Debt* to the *Bank* or perform *your* other *Obligations* as provided in the *Mortgage* and the *Credit Documents*, the *Bank* may, at its discretion, take possession of the *Property* free from any interference by *you* or anyone else living on the *Property* and free from any interests, encumbrances, limitations or restrictions other than those that the *Bank* has *Approved*;

(e) there are no limitations or restrictions to *your* title to the *Property* except those *you* have disclosed to the *Bank* in writing and the *Bank* has *Approved*;

(f) *you* will, at *your* expense, sign any other documents and take any further action that the *Bank* requests in order to ensure that *your* entire interest in the *Property* has been charged to the *Bank* and that the *Debt* is adequately secured by the *Property* and the *Mortgage*; and

(g) if the *Mortgage* is not a first mortgage on the *Property*, *you* agree not to increase the principal amount owing under any prior mortgage or to re-borrow any amount repaid under a prior mortgage without the *Approval* of the *Bank*. The *Bank* may withhold its *Approval* for any reason. *You* promise not to default under any prior mortgage. *You* consent to the *Bank* giving notice to the holder of the other mortgage of the existence of this *Mortgage* and of all of the terms of this *Mortgage* and the *Credit Documents*.

ARTICLE 2
GENERAL PROVISIONS

2.01 Changes to Debt.

At *your* request and if the *Bank Approves*, the *Mortgage* will secure any future loans, lines of credit and advances to *you* in which the balance owing by *you* may increase or decrease from time to time and which may for periods of time have nothing owing. These future loans, lines of credit and advances will be secured by the *Mortgage* only if the *Credit Documents* indicate that they are to be secured by the *Property*. The *Mortgage* will continue to secure all of the *Debt* and *you* will continue to be liable for all of the *Debt* even if one or more of the following occurs:

(a) the *Bank* advances additional money secured by the *Mortgage* or readvances money that *you* have repaid under the *Mortgage*;

(b) the amount of the *Debt* increases or decreases, or if the *Debt* is reduced to zero and then increases;

(c) the documents that evidence the *Debt* change, or are replaced; for example if some *Credit Documents* are replaced by others – even if the new *Credit Documents* given by *you* have additional persons or fewer persons promising to pay the amount owing;

(d) the *Bank* increases or reduces the monetary amount of any credit available to *you*;

(e) the form of the *Debt* changes in any way, for example *Variable Rate Debt* or *Fixed Rate Debt* becomes *Collateral Loan Debt* or the *Mortgage* secures additional *Debt*;

(f) the *Mortgage* secures more than one type of *Debt* (for example *Fixed Rate Debt* and *Collateral Loan Debt*) or more than one type of *Collateral Loan Debt*; or

(g) the terms applicable to the *Debt* are changed, for example if the *Interest Rate* changes, if the *Debt* or a portion of the *Debt* is renewed or extended or if the *Regular Payments* change.

2.02 Application of Payments.

If *you* are in default under any of *your Obligations*, the *Bank* may apply any payments made by *you* to any one or more of *Collateral Loan Debt*, *Variable Rate Debt* and *Fixed Rate Debt* as the *Bank* may decide in its discretion.

2.03 Place of Payment.

You agree to repay the *Debt* to the *Bank* at its head office in Toronto, Ontario or any other place *Approved* by the *Bank*.

2.04 Time of Payment.

Any payment that is due on a day that is not a *Business Day* must be made on the *Business Day* immediately preceding the due date. The *Bank* will consider payments received after 2:00 p.m. (Eastern Standard Time or Eastern Daylight Time, as applicable) to have been made on the next *Business Day*.

2.05 Method of Payment.

The *Bank* may require that *you* give it:

(a) a written authorization to deduct automatically any payments due under the *Mortgage*, including payments of *Taxes*, from an account set up by *you* with the *Bank* or a financial institution *Approved* by the *Bank*; or

(b) a series of post-dated cheques for any payment, including payments of *Taxes* required under the *Mortgage*.

2.06 Failure to Pay or Perform Obligations.

If *you* fail to pay any part of the *Debt* when it is due or if *you* do not perform any of *your Obligations* when required, then, at the *Bank's* option, all of the *Debt* will immediately become payable. If the *Mortgage* secures more than one type of *Debt* (for example *Fixed Rate Debt* and *Collateral Loan Debt*) default under any type of *Debt* will constitute default under all types of *Debt* and the *Bank* will be able to exercise all of the remedies set out in Article 9 for all types of *Debt*. If *you* default under any prior mortgage (as mentioned in Section 1.02(g)), that default will be a default under the *Mortgage*.

2.07 Costs.

All *Costs* incurred by the *Bank* will be immediately payable by *you*, bear *Interest* at the highest *Interest Rate* and form part of the *Debt*. See Article 11 for the definition of *Costs*.

2.08 Deductions from Advances.

The *Bank* may deduct from any advance under the *Mortgage*:

(a) any *Taxes* that are due;

(b) any *Interest* due under the *Mortgage*;

(c) all legal fees and disbursements (and applicable taxes) for preparing and registering the *Mortgage*; and

(d) any *Costs* relating to the *Approval*, preparation or registration of the *Mortgage* or the *Credit Documents* (including fees for mortgage insurance and title insurance).

2.09 Advances under the Mortgage.

The *Bank* may decide, for any reason, that it will not advance all or any part of the *Original Principal Amount* even if the *Mortgage* has been registered and whether or not any part of the *Original Principal Amount* has previously been advanced to *you*. Even though the *Bank* has not advanced any money, the *Mortgage* will still secure *Costs*.

ARTICLE 3
COLLATERAL LOAN MORTGAGES

3.01 When This Article Applies.

The provisions in this Article apply if the *Mortgage* at any time secures *Collateral Loan Debt*. If the *Mortgage* secures *Collateral Loan Debt* and *Fixed Rate Debt* or *Variable Rate Debt*, the provisions of this Article apply only to the *Collateral Loan Debt*.

3.02 Repayment.

(a) *You* will pay the *Collateral Loan Debt* to the *Bank* on demand.

(b) *You* will pay *Interest* to the *Bank* on the *Collateral Loan Debt* at the interest rate and on the terms set out in the *Credit Documents*.

(c) If any payment is late, *you* will pay the *Bank* additional *Interest* as set out in the *Credit Documents*.

3.03 Prepayment.

The *Collateral Loan Debt* may only be prepaid as set out in the *Credit Documents*.

3.04 Other Terms.

Other terms applicable to the *Mortgage* and the *Collateral Loan Debt* are set out in the *Credit Documents*.

PART B – VARIABLE RATE MORTGAGES
(Applicable to Variable Rate Mortgages)

ARTICLE 4
MORTGAGES WITH A VARIABLE INTEREST RATE

4.01 When This Article Applies.

The provisions of this Article apply if the *Mortgage* initially secures *Variable Rate Debt*. If the *Mortgage* secures *Variable Rate Debt* and *Collateral Loan Debt*, the provisions of this Article apply only to the *Variable Rate Debt*. A schedule to the *Mortgage* will indicate if the *Mortgage* secures *Variable Rate Debt*.

4.02 Repayment.

(a) On the *Interest Adjustment Date you* will pay *Interest* to the *Bank* at the *Variable Interest Rate* on all amounts advanced, calculated from the date of each advance to but excluding the *Interest Adjustment Date*.

(b) After the *Interest Adjustment Date you* will pay the *Bank* the *Variable Rate Principal Amount* together with *Interest* at the *Variable Interest Rate* on the *Variable Rate Principal Amount* calculated from the *Interest Adjustment Date*. *You* will repay these amounts in *Regular Payments* beginning on the *First Payment Date* and continuing on each *Payment Date* until the *Balance Due Date*. On the *Balance Due Date you* will pay the balance of the *Variable Rate Debt*.

(c) If the amount of any *Regular Payment* is less than the *Interest* on the *Variable Rate Debt* due for any *Interest Period*, *Deferred Interest* for that *Interest Period* will be added to the *Variable Rate Principal Amount* and then bear *Interest* at the *Variable Interest Rate*.

(d) If a *Regular Payment* is late *you* will pay *Late Interest*.

(e) *You* will continue to pay *Interest* at the *Variable Interest Rate* until all of the *Variable Rate Debt* has been repaid.

4.03 Changes in the Variable Interest Rate.

The *Variable Interest Rate* will change with any change in the *Mortgage Prime Rate*. If the *Bank* changes the *Mortgage Prime Rate*, the *Bank* may send *you* notice of the new *Variable Interest Rate*, but if the *Bank* fails to do so *you* will still be liable to make all payments when due under the *Mortgage* at the new *Variable Interest Rate*. These notices form a part of the *Mortgage*. A change in the *Variable Interest Rate* will become effective on the day that the *Mortgage Prime Rate* changes.

4.04 Table of Interest Rates.

The *Bank* calculates the *Variable Interest Rate* monthly, not in advance. The Appendix contains a table setting out sample *Variable Interest Rate*s calculated monthly, not in advance, together with the equivalent interest rates calculated half-yearly not in advance. This table is for information purposes.

4.05 Interest on Late Payments (Compound Interest).

If any *Regular Payment* is late, the *Bank* will calculate *Late Interest* every day at the *Variable Interest Rate* on the full amount that is late. *You* agree to pay this *Late Interest*. The *Bank* will add *Late Interest* to the *Debt* at the end of each *Interest Period.*

4.06 Application of Regular Payments.

When the *Bank* receives a *Regular Payment*, the *Bank* will first apply it to *Late Interest,* if any. Next the *Bank* will apply it to *Interest* (other than *Deferred Interest*) on the *Variable Rate Principal Amount*. Finally, the *Bank* will apply any remaining part of the *Regular Payment* to reduce the *Variable Rate Principal Amount*. The *Bank* may also decide to apply a late *Regular Payment* to other amounts *you* may owe, for example *Taxes* in any order the *Bank* determines.

Example. The example set out below will help to determine:

(a) the approximate amount of each *Regular Payment* that will be applied to *Interest* owing; and

(b) either:

- (i) the amount of each *Regular Payment* that may be applied to reduce the *Variable Rate Principal Amount*; or
- (ii) the amount of *Deferred Interest*.

The following calculations are for illustration only and do not reflect the particulars of *your Mortgage.*

Formula. The following formula will help to calculate the *Interest* on the *Variable Rate Principal Amount* for any *Interest Period* to determine approximately how the *Bank* will apply a *Regular Payment*.

$$\text{Variable Rate Principal Amount} \quad \text{X} \quad \frac{\text{Variable Interest Rate}}{100} \quad \text{X} \quad \frac{\text{Number of days in the Interest Period}}{365}$$

Interest is calculated from and including the first date of an *Interest Period* to and including the last day of that *Interest Period.*

Calculation. Here is an example of how to calculate *Interest*:

(c) The *Variable Rate Principal Amount* from January 1 to January 31 is $50,000. The *Variable Interest Rate* on January 1 was 13% per annum. The *Payment Date* is February 1.

(d) In calculating *Interest* from January 1 to January 31, include January 1 and include January 31 so the number of days is 31.

$$\$50{,}000 \quad \text{X} \quad \frac{13}{100} \quad \text{X} \quad \frac{31}{365} \quad = \$552.05$$

(e) The total *Interest* from January 1 to January 31 is approximately $552.05.

(f) Assume that the amount of each *Regular Payment* is $575. The *Bank* would apply the February 1 payment as follows:

Interest from January 1 – January 31	$552.05
Amount applied to reduce the *Variable Rate Principal Amount*	22.95
	$575.00

(g) If the amount of each *Regular Payment* were only $500.00, all $500 would be applied to reduce the *Interest* owing; the unpaid *Interest* of $52.05 would be *Deferred Interest* that would be added to the *Variable Rate Principal Amount*.

4.07 Prepayment for Open Mortgages.

If the portion of the *Mortgage* securing *Variable Rate Debt* is open for prepayment and if *you* have performed all of *your Obligations* to date then *you* may prepay all or part of the *Variable Rate Principal Amount* on any *Payment Date* without notice or additional charge, other than the following administration fees. If *you* prepay the *Variable Rate Principal Amount* in full before the first anniversary of the *Interest Adjustment Date*, *you* must pay an administration fee of $500.00 with the prepayment. If *you* prepay the *Variable Rate Principal Amount* in full before the second anniversary of the *Interest Adjustment Date you* must pay an administrative fee of $250.00 with the prepayment. If *you* make a partial prepayment *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Variable Rate Debt* is paid.

4.08 Prepayment for Closed Mortgages.

If the portion of the *Mortgage* securing *Variable Rate Debt* is closed to prepayment and if *you* have performed all of *your Obligations*, *you* may do one or more of the following:

(a) Each calendar year *you* may prepay up to fifteen per cent (15%) of the original *Variable Rate Principal Amount*, but not less than $100.00, without charge. This prepayment privilege is not cumulative from year to year. If the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year. This prepayment privilege cannot be used in combination with the prepayment privilege in subsection 4.08(c).

(b) Once each calendar year, on any *Payment Date*, on written notice, *you* may increase the amount of *your Regular Payments*, without charge, provided that the total of all increases does not exceed one hundred per cent (100%) of the *Regular Payment* originally indicated in the *Mortgage*. If *you* have increased *your Regular Payments*, then on written notice, without charge, *you* may later decrease each *Regular Payment* to an amount not less than the original *Regular Payment* indicated in the *Mortgage*.

(c) On any *Payment Date you* may prepay all or any part of the *Variable Rate Principal Amount* on payment of an amount equal to three (3) months' interest at the then current *Variable Interest Rate*, on the amount *you* prepay. When *you* make a prepayment under this subsection, any portion of the amount *you* are still entitled to prepay under subsection 4.08(a) will not be deducted from the amount *you* prepay under this subsection when the three (3) months' interest is calculated.

If *you* make a partial prepayment, *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Variable Rate Debt* is paid.

4.09 Prepayment of Renewed or Extended Mortgages.

The prepayment provisions set out in this Article are only available during the original *Term*. If the terms of the *Mortgage* are renewed or extended, *you* may only use the prepayment provisions set out in the *Renewal Agreement*.

4.10 Trigger Point Amount

(a) Since *your Regular Payments* do not change if the *Variable Interest Rate* increases, it is possible that *your Regular Payments* will not be enough to pay the *Interest* due in any given *Interest Period*. If this occurs, the *Variable Rate Principal Amount* will increase by the amount of the *Deferred Interest*. If the amount of the *Variable Rate Principal Amount* increases to a certain limit (referred to as the *Trigger Point Amount*), then *you* will have to take one of the actions set out in this Section.

(b) *Mortgages* that are not *Insured Mortgages*

If *your Mortgage* is not an *Insured Mortgage*, and if at any time the *Variable Rate Principal Amount* plus *Deferred Interest* exceeds the *Trigger Point Amount*, the *Bank* may give *you* notice of the *Excess*. Within thirty days after receiving the notice *you* must do one of the following:

(i) make a payment to the *Bank* at least equal to the *Excess*; or

(ii) satisfy the *Bank* that the *Variable Rate Principal Amount* plus *Deferred Interest* is less than seventy-five per cent (75%) of the fair market value of the *Property* as established by a qualified real estate appraiser chosen by the *Bank*, but at *your* expense.

(c) *Insured Mortgages*

If *your Mortgage* is an *Insured Mortgage* and if at any time the *Variable Rate Principal Amount* plus *Deferred Interest* exceeds the *Trigger Point Amount*, the *Bank* may give *you* notice of the *Excess*. Within thirty days after receiving the notice *you* must do one of the following:

(i) make a payment to the *Bank* at least equal to the *Excess*;

(ii) convert the *Variable Interest Rate* to a *Fixed Interest Rate* as set out in Section 4.11; or

(iii) increase each *Regular Payment* to an amount sufficient to amortize the *Variable Rate Principal Amount* plus *Deferred Interest* over the remaining amortization period at the time of the increase on terms *Approved* by the *Bank*.

(d) Default

If *you* do not do what is required by paragraphs (b) or (c) above (whichever is applicable) the *Bank* has the option of demanding repayment of the *Variable Rate Debt* and exercising its remedies under the *Mortgage*.

(e) In this Section the following words have the following meanings:

(i) "*Excess*" means the *Principal Amount* plus *Deferred Interest* less the *Trigger Point Amount*.

(ii) "*Trigger Point Amount*" means, at any time,

(A) for *Mortgages* that are not *Insured Mortgages*, seventy-five per cent (75%) of the value of the *Property* as determined by the *Bank* at the time the *Bank Approved* the *Mortgage* (with or without an appraisal of the *Property*); or

(B) for *Insured Mortgages*, one hundred and five per cent (105%) of the original *Variable Rate Principal Amount*.

4.11 Changing from a Variable Interest Rate to a Fixed Interest Rate.

If *you* have performed all of *your Obligations* to date, then *you* may take one of the following options:

(a) If the *Variable Rate Debt* is open for prepayment, *you* may convert the *Variable Interest Rate* to a *Fixed Interest Rate* for a term that *you* select and the *Bank Approves*. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the term selected and the *Principal Amount* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*.

(b) If the *Variable Rate Debt* is closed to prepayment, *you* may convert the *Variable Interest Rate* to a *Fixed Interest Rate* for a term that *you* select and the *Bank Approves*. *You* must select a new *Term* that extends beyond the *Balance Due Date*. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the term selected and the *Principal Amount* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*.

If *you* have selected either of the options in paragraphs (a) or (b) above, *you* agree to execute an *Amendment* setting out these new terms.

PART C - FIXED RATE MORTGAGES
(Applicable to Fixed Rate Mortgages)

ARTICLE 5
MORTGAGES WITH A FIXED INTEREST RATE

5.01 When This Article Applies.

The provisions of this Article apply if the *Mortgage* initially secures *Fixed Rate Debt*. If the *Mortgage* secures *Fixed Rate Debt* and *Collateral Loan Debt*, the provisions of this Article apply only to the *Fixed Rate Debt*. A schedule to the *Mortgage* will indicate if the *Mortgage* secures *Fixed Rate Debt*.

5.02 Repayment.

(a) On the *Interest Adjustment Date you* will pay *Interest* to the *Bank* on all amounts advanced, calculated from the date of each advance to but excluding the *Interest Adjustment Date*.

(b) After the *Interest Adjustment Date*, *you* will pay the *Bank* the *Fixed Rate Principal Amount* together with *Interest* at the *Fixed Interest Rate* on the *Fixed Rate Principal Amount* calculated from the *Interest Adjustment Date*. *You* will repay these amounts in *Regular Payments* beginning on the *First Payment Date* and continuing on each *Payment Date* until the *Balance Due Date*. On the *Balance Due Date you* will pay the balance of the *Fixed Rate Debt*.

(c) If a *Regular Payment* is late *you* will pay *Late Interest*.

(d) *You* will continue to pay *Interest* at the *Fixed Interest Rate* until all of the *Fixed Rate Debt* has been repaid.

5.03 Interest on Late Payments (Compound Interest).

If any *Regular Payment* is late, the *Bank* will calculate *Late Interest* every day at the *Fixed Interest Rate* on the full amount that is late. *You* agree to pay this *Late Interest*. The *Bank* will add *Late Interest* to the *Debt* at the end of each *Interest Period*.

5.04 Application of Regular Payments.

When the *Bank* receives a *Regular Payment,* the *Bank* will first apply it to *Late Interest*, if any. Next the *Bank* will apply it to *Interest* on the *Fixed Rate Principal Amount*. Finally, the *Bank* will apply any remaining part of the *Regular Payment* to reduce the *Fixed Rate Principal Amount*. The *Bank* may also decide to apply a late *Regular Payment* to other amounts *you* may owe, for example *Taxes* in any order the *Bank* determines.

Example. The example set out below will help to determine:

(a) the approximate amount of each *Regular Payment* that will be applied to *Interest* owing; and

(b) the amount of each *Regular Payment* that may be applied to reduce the *Fixed Rate Principal Amount*.

The following calculations are for illustration only and do not reflect the particulars of *your Mortgage*.

Formula: The following formula will help to calculate the *Interest* on the *Fixed Rate Principal Amount* for any *Interest Period* to determine approximately how the *Bank* will apply a *Regular Payment*.

$$\text{Fixed Rate Principal Amount} \times \frac{\text{Fixed Interest Rate}}{100} \times \frac{\text{Number of days in the Interest Period}}{365}$$

Interest is calculated from and including the first date of an *Interest Period* to and including the last day of that *Interest Period*. However, note that the *Fixed Interest Rate* is expressed to be calculated half-yearly. Because the *Fixed Interest Rate* is expressed to be calculated half-yearly and the following example uses a monthly calculation period, the result of applying the formula will only be approximate. The actual amount of *Interest* will be slightly lower.

Calculation. Here is an example of how to calculate *Interest*:

(c) The *Fixed Rate Principal Amount* from January 1 to January 31 is $50,000. The *Fixed Interest Rate* on January 1 was 9% per annum. The *Payment Date* is February 1.

(d) In calculating *Interest* from January 1 to January 31, include January 1 and include January 31 so the number of days is 31.

$$\$50{,}000 \times \frac{9}{100} \times \frac{31}{365} = \$382.19$$

(e) The total *Interest* from January 1 to January 31 is approximately $382.19.

(f) Assume that the amount of each *Regular Payment* is $400. The *Bank* would apply the February 1 payment as follows:

Interest from January 1 – January 31	$382.19
Amount applied to reduce the *Fixed Rate Principal Amount*	17.81
	$400.00

5.05 Prepayment for Open Mortgages.

If the portion of the *Mortgage* securing *Fixed Rate Debt* is open for prepayment and if *you* have performed all of *your Obligations*, then *you* may prepay all or part of the *Fixed Rate Principal Amount* on any *Payment Date* without notice or additional charge. If *you* make a partial prepayment *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Fixed Rate Debt* is paid.

5.06 Prepayment for Closed Mortgages.

If the portion of the *Mortgage* securing *Fixed Rate Debt* is closed to prepayment and if *you* have performed all of *your Obligations*, *you* may do one or more of the following:

(a) Each calendar year *you* may prepay up to fifteen per cent (15%) of the original *Fixed Rate Principal Amount*, but not less than $100.00, without charge. This prepayment privilege is not cumulative from year to year. If the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year. This prepayment privilege cannot be used in combination with the prepayment privilege in subsection 5.06(c).

(b) Once each calendar year, on any *Payment Date*, on written notice, *you* may increase the amount of *your Regular Payments*, without charge, provided that the total of all increases does not exceed one hundred per cent (100%) of the *Regular Payment* originally indicated in the *Mortgage*. If *you* have increased *your Regular Payments*, then on written notice, without charge, *you* may later decrease each *Regular Payment* to an amount not less than the original *Regular Payment* indicated in the *Mortgage*.

(c) On any *Payment Date you* may prepay all or any part of the *Fixed Rate Principal Amount* on payment of an amount equal to the greater of (i) three (3) months' interest at the *Fixed Interest Rate* on the amount *you* prepay or (ii) the *Interest Rate Differential Amount*. When *you* make a prepayment under this subsection, any portion of the amount *you* are still entitled to prepay under subsection 5.06(a) will not be deducted from the amount *you* prepay under this subsection when the three (3) months' interest or the *Interest Rate Differential Amount* is calculated.

(d) "*Interest Rate Differential Amount*" means the amount of interest, calculated at the *Differential Interest Rate* on the amount of *Fixed Rate Debt* that *you* prepay, for the remaining *Term*. The "*Differential Interest Rate*" is the difference between (A) the *Fixed Interest Rate* and (B) the current interest rate for a *Similar Mortgage*. There will only be a *Differential Interest Rate* when the *Fixed Interest Rate* is higher than the current interest rate for a *Similar Mortgage*. A "*Similar Mortgage*" is a *Mortgage* offered by the *Bank* that has a fixed interest rate and a term closed to prepayment that is closest to the remainder of the *Term*. The current interest rate for a *Similar Mortgage* is the *Bank's* non-discounted posted rate less any rate reduction or discount received by *you* for the *Fixed Rate Debt*, and is determined on the earlier of the date of the prepayment or the date the *Bank* issues a valid discharge statement. If the *Fixed Rate Debt* has been re-financed and additional funds advanced using a blended rate of interest (including advances under the *Bank's* portability provisions), then the rate reduction will be the weighted average, based on the dollar amount, of the most recent rate reduction or discount received by *you* prior to the re-financing and the rate reduction on any additional funds advanced at the time of the re-financing.

If *you* make a partial prepayment, *you* must continue to make the *Regular Payments* on the *Payment Dates* until all of the *Fixed Rate Debt* is paid.

5.07 If You Move (Portability).

(a) If *you* own or purchase another property and

  (i) *you* have performed all of *your Obligations*; and

  (ii) *you* complete a new mortgage loan application that the *Bank Approves*,

then *you* may request the *Bank* to discharge the *Mortgage* on the *Property* and transfer the *Fixed Rate Debt* to the other property to be secured by a new mortgage.

(b) If *you* take advantage of the option in Subsection 5.07(a) then the following provisions also apply:

(i) The *Fixed Interest Rate* and *Balance Due Date* will continue to apply to the outstanding *Fixed Rate Debt* secured by the new mortgage.

(ii) The *Bank* will require the new mortgage to be registered. The new mortgage will secure the outstanding *Fixed Rate Debt* and must be the only mortgage or charge on the other property.

(iii) *You* will pay all of the *Bank's* expenses that relate in any way to the new mortgage.

If there are several mortgagors, then only one mortgagor (or more than one if they are acting together) may use this privilege.

5.08 Prepayment of Renewed or Extended Mortgages.

The prepayment provisions set out in this Article are only available during the original *Term*. If the *Mortgage* is renewed or extended, *you* may only use the prepayment provisions set out in the *Renewal Agreement*.

5.09 Changing the Term for Six Month Mortgages.

If the *Term* is six (6) months and if *you* have performed all of *your Obligations*, then at any time before the *Balance Due Date you* may, without charge, select a new *Term* that is at least one (1) year in length. The new *Fixed Interest Rate* will be the *Bank's* interest rate then in effect for the *Term* that *you* select. The *Mortgage* with the new *Term* will be closed to prepayment. The amortization period will not change without the *Bank's Approval*. The terms of the *Mortgage* as varied, including the day for the first payment at the *Fixed Interest Rate*, will be those offered by the *Bank* at that time and will be contained in an *Amendment*. If *you* have selected this option, *you* agree to execute an *Amendment* setting out these new terms.

PART D - AMENDING OR EXTENDING THE MORTGAGE
(Applicable to Fixed Rate Mortgages and Variable Rate Mortgages)

ARTICLE 6
RENEWAL AND AMENDMENT PROVISIONS

6.01 General.

You may renew the *Mortgage* if the *Bank Approves*. A *Renewal Agreement* will conclusively establish any renewal or extension of the *Mortgage* as well as the terms of that renewal or extension.

6.02 Renewal Services.

The *Bank* may allow *you* to renew the *Mortgage* by telephone or on the *Bank's* web site. The *Bank* will send *you* a document confirming the renewal terms by ordinary mail. *You* agree to sign this document and return it to the *Bank*. For *your* renewal to be effective, the *Bank* must receive *your* signed *Renewal Agreement* within thirty days of the beginning of the new *Term*. If *you* do not return *your* signed *Renewal Agreement*, the *Bank* may, in reliance on *your* renewal instructions, process a new *Mortgage* payment consistent with the document sent to *you*. If *you* do not object in writing within fifteen (15) days of the *Bank* processing the new *Mortgage* payment *you* will have *Approved* the terms set out in the document, which becomes *your Renewal Agreement*.

6.03 The Bank's Renewal Right.

If on or before the *Balance Due Date you* do not (i) repay all of the *Debt*, (ii) renew or extend the *Mortgage*, (iii) give notice to the *Bank* in writing at least fifteen (15) days before the *Balance Due Date* to cease automatically debiting *Regular Payments* to *your Mortgage* account or (iv) give written notice to the *Bank* that *you* do not wish to renew or extend the *Term*, then the *Bank* has the option by giving written notice to *you* of renewing or extending the *Mortgage* for one year at a fixed interest rate on a fully open basis at the *Bank's* posted interest rate then applicable to one year open mortgages. All of the provisions contained in the offer to renew or extend mailed to *you* and the provisions of Parts A, D and E of these Standard Charge Terms applicable to one-year open mortgages will apply to the renewed or extended *Mortgage*. The provisions of the renewed or extended *Mortgage* will bind all mortgagors and all *Guarantors*.

6.04 Several Mortgagors.

You and all *Guarantors* agree that, with the *Bank's Approval*, any one mortgagor can agree to any *Amendment* or *Renewal Agreement*, and that agreement will bind all other mortgagors and all *Guarantors*. The person so agreeing is deemed to be the agent of the others.

6.05 Registration of Amendments.

You agree that any *Amendment* does not have to be registered in any land registry office. Any *Amendment* will be binding on *you*, on the *Bank*, on any transferee of the *Property* and on any person who has an interest in the *Property*. Any *Amendment* will have priority over any subsequent charge, mortgage, interest in or transfer of the *Property* to the same extent as if the *Amendment* had been registered in the appropriate land registry office before registration of any subsequent charge, mortgage, interest or transfer.

6.06 No Renewal Without the Bank's Approval.

Except as set out in Sections 6.02 and 6.03, no payment made by *you* after the *Balance Due Date* or after the end of any extension or renewal will result in any renewal or extension of the *Mortgage* unless the *Bank* has *Approved* the extension or renewal.

PART E – OTHER GENERAL PROVISIONS
(Applicable to All Mortgages)

ARTICLE 7
OTHER PROVISIONS AFFECTING THE MORTGAGE

7.01 Sale or Transfer of Property.

If *you Convey* the *Property* or any interest in the *Property* to anyone (in this Section a "*Purchaser*") and the *Purchaser* has not:

(a) applied for and received the *Bank's Approval* to assume the *Mortgage*; and

(b) signed an assumption agreement *Approved* by the *Bank*,

then the *Bank* may demand repayment of the *Debt* by notice in writing and the *Debt* will become immediately payable. The applicable prepayment provisions in Articles 3, 4 and 5 will apply to any repayment. No change in the ownership of the *Property* or any agreement between the *Bank* and a *Purchaser* will in any way affect or prejudice the *Bank's* rights against *you* or any other person liable for payment of the *Debt*. The *Bank* may enter into agreements with a *Purchaser* without notice to *you* and without *your Approval*. *You* will not be released from *your Obligations* even if the *Bank* accepts money from a *Purchaser* or if a *Purchaser* agrees with the *Bank* without notice to *you* to assume, renew, extend or amend the *Mortgage*.

7.02 Assignment of Leases.

As additional security for *your* performance of the *Obligations*, *you* agree to assign to the *Bank* from time to time, immediately on its request, any lease of the whole or any part of the *Property*. Any assignment must be in a form acceptable to the *Bank*. *You* will deliver to the *Bank* executed copies of all leases of the *Property* at the *Bank's* request. *You* will comply with all of the landlord's obligations in any lease assigned by *you* to the *Bank*. *You* agree that none of the *Bank's* rights or remedies under the *Mortgage* will be delayed, hindered or prejudiced by these assignments.

7.03 Assignment of Rents.

You agree with the *Bank* as follows:

(a) For the purposes of this Section the term "leases" includes agreements to lease, tenancy agreements, licenses and occupancy agreements.

(b) *You* hereby assign to the *Bank* all rents payable from time to time under all present and future leases of all or any part of the *Property*; *you* also assign the *Bank* the benefit of all other tenants' obligations under those leases.

(c) As soon as *you* enter into any lease of the *Property you* will, if requested by the *Bank*, execute and deliver to the *Bank* an assignment in the *Bank's* usual form of all rents payable under that lease and the benefit of all other tenants' obligations under that lease. *You* will also execute and deliver to the *Bank* any other documents that the *Bank* determines are necessary to make the assignment effective.

(d) Nothing in the *Mortgage*, or in the assignments referred to in this Section, will make the *Bank* responsible for the collection of rents payable under any lease of the *Property* or for the performance of any other obligations in any lease.

(e) The *Bank* will not be considered a mortgagee in possession or landlord of the *Property* because of any assignment referred to in this Article.

(f) The *Bank* only has to account for rent that the *Bank* actually receives (less reasonable collection charges) and the *Bank* may apply those rents to repayment of the *Debt* in any manner that the *Bank* in its discretion determines.

7.04 Payments the Bank may Make.

The *Bank* may pay any rents or satisfy any present or future *Taxes*, mortgages, rates, charges, *Common Expenses* or other similar liabilities or interests in the *Property*. These amounts, when paid by the *Bank*, form part of the *Debt*.

7.05 Taxes.

(a) *You* will pay all *Taxes* on the *Property* promptly as they fall due. If the *Bank* requests evidence of payment of *Taxes*, *you* will immediately provide the *Bank* with evidence satisfactory to the *Bank* that *you* have paid all *Taxes*. If *you* do not provide the *Bank* with this evidence the *Bank* may obtain it directly from the municipality or other taxing authority. Any charge the *Bank* incurs to obtain this evidence will be added to the *Debt* and is payable by *you* immediately. *You* hereby authorize the municipality to release all tax information on the *Property* to the *Bank*.

(b) If a portion of the *Debt* is *Fixed Rate Debt* or *Variable Rate Debt* then the following provisions apply:

(i) The *Bank* may pay out of any advance any *Taxes* payable at the date of that advance or due within the calendar year.

(ii) If the *Bank* requires,

(A) *you* agree to pay the *Bank* on each *Payment Date* an amount the *Bank* estimates will be required to provide funds sufficient to pay all *Taxes* for the year by the time the *Bank* remits the *Taxes*. The *Bank* may pay the *Taxes* at any time or times as it sees fit.

(B) The *Bank* may re-estimate *your Taxes* from time to time. *You* will pay any additional amounts required because of a re-estimate. *You* will provide the *Bank* with all tax bills and other notices relating to *Taxes* on the *Property* immediately after *you* receive them. The *Bank* may obtain these directly from the municipality or other taxing authority. Any charges the *Bank* incurs to obtain these items will be added to the *Debt* and are payable by *you* immediately.

(C) As long as the *Bank* requires *you* to make tax payments under this Section, and as long as *you* have performed all of *your Obligations*, the *Bank* agrees to pay from the *Tax Account* all *Taxes* as they fall due or at any time the *Bank* thinks fit to the extent that there are sufficient funds in the *Tax Account*. If the amount in the *Tax Account* is insufficient, the *Bank* may, at its option, either debit to the *Tax Account* or add to the *Debt* the amount by which the *Tax Account* is insufficient.

(D) Any debit balance in the *Tax Account* will bear *Interest* at the highest *Interest Rate* payable under the *Mortgage* and will form part of the *Debt*. The *Bank* does not have to pay interest on any credit balance in the *Tax Account*.

(E) If at any time the *Taxes* that the *Bank* has paid exceed the amount *you* have paid under this Section, *you* will immediately, on the *Bank's* request, pay the *Bank* that difference.

(F) The *Bank* is not a trustee of the *Tax Account*.

(iii) If *you* fail to perform any of *your Obligations*, any payments made by *you* under this Section may at the *Bank's* option be either credited to the *Tax Account* or applied against the *Debt*.

7.06 Repair and Maintenance of the Property.

You agree as follows:

(a) *You* will keep the *Property* in good condition and repair and *you* will not do anything that will diminish the value of the *Property*.

(b) *You* will not change the use of the *Property*.

(c) The *Bank* or any insurer of the *Mortgage* may, whenever they deem it necessary, enter and inspect the *Property* and conduct any environmental testing, site assessment, investigation or study that the *Bank* or any insurer thinks is necessary. *You* will pay the *Bank* on demand the reasonable *Costs* of those inspections, investigations, assessments, studies and testing.

(d) *You* will promptly, at *your* own cost, comply with all *Laws* concerning the *Property*. At *your* own cost *you* will make all improvements or alterations to the *Property* that may be required at any time by any *Law*.

7.07 The Bank's Rights During Construction.

(a) Before commencing any construction on the *Property you* will have all plans and specifications *Approved* by the *Bank*.

(b) If at any time

(i) any construction on the *Property* remains unfinished and without any work being done on it for more than ten (10) consecutive days;

(ii) *you* deviate from any plans that have been *Approved* by the *Bank*;

(iii) *you* deviate from the generally accepted local standards of construction; or

(iv) *you* allow a construction lien to be registered against the *Property* for more than thirty (30) days,

then the *Bank* may, without becoming a mortgagee in possession, enter the *Property* and do all work necessary to protect the *Property* from deterioration. The *Bank* may complete any construction on the *Property* in accordance with plans and specifications that have been *Approved* by the *Bank* or otherwise as the *Bank* in its discretion determines. In completing construction the *Bank* may use and have exclusive possession of all materials and equipment on the *Property* without any interference from *you*. The *Bank* may also pay the amount of any lien and add that amount to the *Debt*.

7.08 Insurance.

(a) As long as there is any *Debt* outstanding, *you* will, at *your* expense, take out and keep in force insurance on the *Property*. *You* will keep the *Property* insured against loss or damage in an amount equal to not less than one hundred percent (100%) of the full replacement value of the *Property* pursuant to a mortgage endorsement in favour of the *Bank* issued by *your* insurer for the *Property*. The risks against which *you* must insure include fire, extended perils, tempest, tornado, cyclone, lightning, wind, storm, hail, explosion, riot, impact by aircraft or vehicle, smoke damage, other risks covered by a standard extended coverage insurance policy and any other risks and hazards that the *Bank* may from time to time require. *You* will ensure that the *Bank* is sent copies of all notices sent to *you* about this insurance. If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* takes out and keeps this insurance in force.

(b) As long as there is any *Debt* outstanding, if a sprinkler system, a steam boiler or any apparatus operating or operated by steam is installed in or operated on the *Property*, *you* will insure the buildings on the *Property* against loss or damage caused by any bursting, explosion or defect in the sprinkler system, boiler or apparatus to the full replacement value of the *Property*.

(c) All insurance policies must provide that any loss will be payable to the *Bank* as its interest may appear and must contain the standard mortgage clause *Approved* by the *Bank*.

(d) The *Bank* may require any insurance on the *Property* to be cancelled and new insurance taken out with an insurance company *Approved* by the *Bank* (and *Approved* by the landlord under the *Lease* if the *Property* is a *Leased Property* and if required by the *Lease*). The *Bank* may, without consulting *you*, take out any insurance on the *Property* if the *Bank* has not received proof of coverage satisfactory to it. The premiums for this insurance will be added to the *Debt*.

(e) *You* agree that *you* will deliver certificates of insurance or, if required by the *Bank*, certified copies of insurance policies as soon as possible after placing the required insurance.

(f) All policies must contain an undertaking by the insurer to notify the *Bank* in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination of any policy.

(g) If *you* fail to take out or to keep in force any insurance policy, or if any insurance policy is not *Approved* by the *Bank*, and if *you* do not rectify the situation within seven (7) days after written notice from the *Bank*, the *Bank* may, without consulting *you*, take out insurance at *your* expense. If *you* have failed to meet any of *your Obligations*, the *Bank* may charge *you* the cost of insuring the *Property* under an individual or a blanket insurance policy issued to the *Bank*. The *Bank* is under no obligation to insure the *Property* or to insure the *Property* for more than the *Debt*. However, if the *Bank* does take out additional insurance, it will be at *your* expense.

(h) If the *Bank* pays any premiums for insuring the *Property*, the amount of any payments will be added to the *Debt* and will be payable immediately.

(i) When the *Bank* requests it, *you* will provide the *Bank* with satisfactory evidence of the insurance required under this Section and proof that the premiums for that insurance have been paid. *You* must also provide the *Bank* with satisfactory evidence of the renewal of all insurance policies at least fifteen (15) days before the termination of each policy.

(j) The *Bank* in its discretion may require that all insurance proceeds be paid to the *Bank*, to *you* or to any other person appearing by the records of the Land Registry Office to be or to have been the owner of the *Property*. The proceeds may also be paid partly in one way and partly in another, or they may be applied, in the *Bank's* sole discretion, in whole or in part to repay the *Debt* even if the *Debt* is not yet due. The *Bank* may in its discretion instead require that the insurance proceeds be applied to rebuilding or repairing the *Property*. If the *Property* is a *Leased Property*, the insurance proceeds will be applied to rebuilding or repairing the *Property*, if required by the *Lease*.

(k) All policies of insurance must show any loss payable (i) to the *Bank*, (ii) to a trustee *Approved* by the *Bank* pursuant to an insurance trust agreement *Approved* by the *Bank* or (iii) to both (if the *Property* is a condominium unit). The terms of any insurance trust agreement may not, once *Approved* by the *Bank*, be altered without the *Bank's* further *Approval*.

(l) The *Mortgage* also charges all insurance proceeds as security for the *Debt*. If the *Property* is a condominium unit, the *Mortgage* also charges *your* interest in the insurance trust mentioned in Subsection 7.08(k) and on any insurance proceeds relating to the *Property* held by the trustee.

(m) If the *Property* is a condominium unit, *you* will ensure that the *Condominium Corporation* will at all times comply with the terms of all insurance policies, the insurance provisions of the *Declaration* and any insurance trust agreement. *You* will also ensure that the insurance taken out by the *Condominium Corporation* complies with the *Obligations* of this Section. Finally, *you* will ensure that the *Condominium Corporation* assigns and delivers to the *Bank* certificates of insurance or, if required by the *Bank*, certified copies of each insurance policy, as soon as possible after placing the required insurance.

(n) If there is any loss or damage, *you* must furnish at *your* own expense all necessary proofs and do all necessary acts to enable the *Bank* to obtain payment of the

insurance proceeds. Production of the *Mortgage* will be sufficient authority for the insurer to pay any loss to the *Bank*.

(o) The insurance provisions of this Section apply to all buildings, structures and improvements on the *Property* whenever built and during construction.

7.09 Subdivision, Release and Replacement of Property.

You agree as follows:

(a) The *Mortgage* charges every part or lot into which the *Property* is or may be divided for all of the *Debt*. No person will have any right to require the *Debt* to be apportioned with respect to any part or lot.

(b) At any time before or after the *Mortgage* is registered, the *Bank* may take other security, take evidence of indebtedness or obtain additional promises of payment. None of these actions will affect the *Bank's* rights under the *Mortgage* or limit the liability of any person who is liable under the *Mortgage* or any *Guarantor*.

(c) The *Bank* may from time to time release or discharge the *Property*, any part of the *Property*, any other security the *Bank* has taken or any *Guarantor* on any terms that the *Bank* thinks proper. The *Bank* may at any time without notice to any person or without the consent of any person, make a settlement, extension or variation in the terms of any *Obligation*. No release, discharge, settlement, extension or variation in terms, nor any carelessness or neglect by the *Bank* in asserting its rights, the loss by operation of *Law* of any right the *Bank* has against *you* or any other person, or the loss or destruction of any security, will in any way release, diminish or prejudice its security against any undischarged *Property*. Similarly, no such action will release or prejudice any of the *Obligations* or release or diminish *your* liability or the liability of any *Guarantor* so long as any *Debt* remains unpaid. No security or *Guarantor* will be released or discharged except by a written release or discharge executed by the *Bank*.

7.10 Change of Control.

If *you* are a corporation and *you Convey* any interest in *your* issued and outstanding shares so that there is a change in *your* effective voting control without the *Bank's Approval*, then the *Bank* may exercise any of the remedies set out in Article 9. The *Bank's Approval* may be withheld in its unqualified subjective discretion.

7.11 Servicing Fees.

The *Bank* may charge a reasonable servicing fee to process each application for *Approval* contemplated by this Article. This servicing fee will be payable immediately upon demand and will form part of the *Debt*.

7.12 Repayment of Payments Made by the Bank.

Any payments made by the *Bank* under this Article will be added to the *Debt* and are payable by *you* immediately.

7.13 CashBack Repayment.

In addition to any other charges, if *you* prepay the *Mortgage* and *you* received a *CashBack* from the *Bank*, *you* will also pay an amount calculated as follows:

Formula.

$$\text{\textit{CashBack} repayment} = \text{Amount of \textit{CashBack} received} \times \frac{\text{Number of full or partial months remaining in the \textit{Term} at the time of prepayment}}{\text{Number of months in the \textit{Term}}}$$

Example. The following example will show how to calculate the *CashBack* repayment. The following calculations are for illustration only and do not reflect the particulars of *your Mortgage*.

> If *you* received a $3,000 *CashBack*, the *Mortgage* had a *Term* of 5 years and *you* paid it off after two years (i.e. after 24 months), there would be 36 months remaining in the *Term*. The formula would then be applied as follows:
>
> $$\$3{,}000 \quad \text{X} \quad \frac{36}{60} \quad = \$1{,}800$$
>
> *You* would have to repay $1,800 to the *Bank*.

This amount will also be due if the *Bank* enforces its rights under Article 9.

ARTICLE 8
PROVISIONS FOR SPECIFIC TYPES OF PROPERTIES

8.01 Additional Promises for Leased Property.

If the *Property* is a *Leased Property*, *you* promise and confirm to the *Bank* that:

(a) *you* own *your* leasehold interest in the *Property*;

(b) *you* have the right to mortgage or charge the *Lease* and sublet the *Leased Property* to the *Bank*; if required under the *Lease*, *you* have obtained the landlord's consent to the *Mortgage*;

(c) neither *you* nor any other person has mortgaged or otherwise encumbered the *Lease* or *your* rights under the *Lease*;

(d) the *Lease* is a valid, existing lease and has not been amended except as *you* have advised the *Bank* in writing; *you* have paid the rent and performed *your* obligations under the *Lease* up to the date *you* signed the *Mortgage* and there is no default under the *Lease*;

(e) *you* will not amend, surrender or terminate the *Lease* without the *Bank's* prior *Approval*. *You* will pay the rent under the *Lease* and perform *your* obligations under the *Lease* as long as the *Debt* is outstanding. *You* will provide the *Bank* with any notice of default under the *Lease* that *you* receive. *You* will indemnify the *Bank* from all actions, claims and demands relating to defaults under the *Lease*; and

(f) *you* will assign the last day of the term of the *Lease*, or any renewal term, which *you* hold in trust for the *Bank*, as it may direct.

8.02 Additional Provisions for Leased Property.

If the *Property* is a *Leased Property*, the following provisions apply:

(a) *You* charge the *Leased Property* to the *Bank* as security only and not as a complete assignment of *your* interest. *You* sublease the *Leased Property* to the *Bank* to the extent required by *Law* for the charge to be effective for the remainder of the term of the *Lease*, except for the last day of the term of the *Lease* (including the last day of any renewal). *You* hold all other rights under the *Lease*

in trust for the *Bank*, including the last day of the term, and any right of renewal or right to purchase.

(b) *You* hereby irrevocably appoint the *Bank* as *your* agent. If there is default under the *Mortgage*, the *Bank* may, as *your* agent, assign the *Lease* and the last day of the term of the *Lease* as the *Bank* may determine in its discretion. If the *Bank* sells the *Leased Property* pursuant to Article 9, the *Bank* may assign *your* interest in the *Lease* to a purchaser. The *Bank* may at any time remove *you* or any other person from being a trustee of the *Lease* under the trust set out in Subsection 8.02(a) and appoint a new trustee in *your* place.

(c) At the *Bank's* request but at *your* cost *you* will assign to the *Bank* the last day of the term of the *Lease* or any renewal or substituted term. If the *Bank* sells the *Leased Property* under the power of sale *you* will hold the *Leased Property* and the last day of the term in trust for any purchaser.

(d) If *you* neglect or refuse to renew the *Lease* then the *Bank* may renew the *Lease* in its own name so that the *Lease* will continue to be security for the *Mortgage*.

(e) If *you* have not performed *your Obligations* for fifteen (15) days, the *Bank* may, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, assign the *Lease*. Any assignment may be on the terms set out in Subsection 9.01(h) of these Standard Charge Terms.

(f) No sale or other dealing by *you* with the *Lease* or the *Leased Property* and no extension of time given by the *Bank* to *you*, or anyone claiming under *you*, or any dealing by the *Bank* with the landlord or the *Lease*, will in any way affect or prejudice the *Bank's* rights against *you* or any other person liable to repay the *Debt*.

(g) If *you* acquire any additional interest in the *Leased Property*, then by the *Mortgage you* charge that additional interest to the *Bank* without *you* or the *Bank* having to do anything further.

8.03 Additional Promises if the Property is a Condominium Unit.

(a) *You* promise to perform all of *your* obligations under the *Condominium Act* and under the *Declaration*, the by-laws and the rules of the *Condominium Corporation*. Any breach of those obligations will constitute a default under the *Mortgage*. In addition, the following provisions apply:

  (i) *You* will pay promptly when due *your* contribution to *Common Expenses*.

  (ii) *You* will provide the *Bank* immediately on request with satisfactory evidence that all *Common Expenses* have been paid.

  (iii) The *Bank* may deduct from any advance of the *Principal Amount* the amount of *Common Expenses* that are payable and are unpaid at the date of that advance.

  (iv) If the *Bank* requests, *you* will give it copies of all notices, financial statements, reserve fund studies and other documents from time to time given to *you* by the *Condominium Corporation*.

  (v) If the *Bank* gives *you* notice, *you* will pay the amount necessary to pay *Common Expenses* to the *Bank*. The *Bank* will remit all sums to the *Condominium Corporation* on *your* behalf.

(b) *You* irrevocably authorize the *Bank* to exercise *your* right to vote or to consent in all matters relating to the affairs of the *Condominium Corporation*, provided that:

(i) the *Bank* will only exercise *your* right to vote or consent if the *Bank* has given *you* and the *Condominium Corporation* the notice required by the *Condominium Act* that the *Bank* intends to exercise this right;

(ii) the *Bank* is not under any obligation to vote or consent;

(iii) in voting or consenting the *Bank* is not obligated to protect *your* interests, but may vote or consent as the *Bank* in its discretion determines; and

(iv) if the *Bank* votes or consents the *Bank* is not a mortgagee in possession.

8.04 Additional Provisions if the Mortgage is an Insured Mortgage.

If the *Mortgage* is an *Insured Mortgage* and is insured by the Canada Mortgage and Housing Corporation,

(a) the *Mortgage* is made pursuant to the *National Housing Act* (Canada); and

(b) the definition of the interest adjustment date as mentioned in s.36(1) of the National Housing Loan Regulations will apply to all *National Housing Act* insured loans.

ARTICLE 9
ENFORCEMENT

9.01 Enforcing the Bank's Rights.

If *you* do not comply with any of *your Obligations*, the *Bank* may exercise any one or more of the remedies listed below in any order that the *Bank* chooses:

(a) **Immediate Payment.**

The *Bank* may, at its option without notice to *you*, require all *Debt* to be paid to the *Bank* immediately.

(b) **Legal Action.**

The *Bank* may take whatever legal action is necessary to collect all or part of the *Debt*. This legal action may include suing *you* for the *Debt*.

(c) **Personal Property.**

The *Bank* may enter the *Property* and distrain against (i.e. seize and sell) any personal property owned by *you* to repay all or part of the *Debt*.

(d) **Take Possession of the Property.**

The *Bank* may take and keep possession of the *Property*, collect rents from it and manage or lease the *Property* or any part of it. Before the *Bank* takes possession of the *Property*, the *Bank* can ask *you* to leave the *Property* with all *your* belongings and if *you* do not do so the Courts of Ontario will order *you* to leave. If *you* refuse to do so the Court will have *you* forcibly removed. If *you* have not removed *your* personal belongings from the *Property* before the *Bank* takes possession, *you* authorize the *Bank* to remove and dispose of *your* belongings in any manner that the *Bank*, in its absolute discretion, deems appropriate, without notice to *you*. The *Bank* will have no liability for moving, disposing or storing those belongings. *You* will be responsible for all *Costs* incurred by the *Bank* in dealing with those belongings. These *Costs* will be added to the *Debt*.

(e) **Lease the Property.**

The *Bank* may take possession of the *Property* and lease it on any terms that the *Bank* determines in its discretion without notice to *you*. The *Bank* may apply the net proceeds of any lease to reduce the *Debt*. If the net proceeds do not pay all of the *Debt*, *you* must immediately pay the *Bank* the difference.

(f) **Foreclosure.**

The *Bank* may take court proceedings to foreclose *your* interest in the *Property*. If the *Bank* obtains a final order of foreclosure, *your* interest in the *Property* will belong to the *Bank* and *you* will have no further interest in the *Property*.

(g) **Judicial Sale.**

The *Bank* may ask the court to order a sale of the *Property*, under the court's supervision. If the amount the *Bank* receives from the sale of the *Property* is less than the *Debt*, *you* must immediately pay the *Bank* the difference.

(h) **Power of Sale.**

If any default continues for at least fifteen (15) days, on at least thirty-five (35) days written notice to *you* as required by Part III of the *Mortgages Act*, or any other minimum period that may be prescribed by *Law*, the *Bank* may sell the *Property* or any part of it. Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on any terms that the *Bank* determines in its discretion. The *Bank* will apply the net proceeds of any sale to reduce the *Debt*. If the net proceeds do not pay all of the *Debt you* must immediately pay the *Bank* the difference. The exercise by the *Bank* of its power of sale does not preclude the *Bank* from any further exercise of its power of sale in accordance with this Section.

(i) **Cure any Defaults.**

The *Bank* may, but is not obligated to, cure any of *your* defaults under the *Mortgage* at *your* expense, and generally take any other steps or proceedings against *you* as are permitted by *Law*. *You* will immediately pay the *Bank* any money it spends or is obligated to spend in curing any defaults. The *Bank* may add any money it has spent curing *your* defaults to the *Debt*. In order to cure any defaults the *Bank* may enter on the *Property* as often as necessary. If the *Bank* enters the *Property* it will not be a mortgagee in possession.

9.02 Other Defaults.

The *Bank* may also exercise its remedies under this Article if any one or more of the following occurs:

(a) if the *Property* is the subject of a restraint order under the *Controlled Drugs and Substances Act* or a similar order under any *Law*;

(b) if *you* have ever used the *Property* for any purpose that is in violation of the *Controlled Drugs and Substances Act* or any similar *Law*; or

(c) if *you* have made any material misrepresentation to the *Bank* in connection with the *Mortgage* or the *Credit Documents*.

9.03 Costs of Proceedings.

The *Costs* of any sale or foreclosure proceedings, whether or not the sale or foreclosure is completed, or any *Costs* that the *Bank* incurs in taking or keeping possession of the *Property* or

enforcing its remedies under the *Mortgage*, are immediately payable by *you* whether or not any actual proceeding has commenced.

9.04 Prepayment as a Result of Default.

Subject to any *Renewal Agreement*, if the *Bank* exercises its rights under Subsection 9.01(a) and requires immediate payment of all *Variable Rate Debt* and *Fixed Rate Debt* and the *Mortgage* is closed to prepayment, then *you* also agree to pay the following amounts:

(a) if the *Mortgage* secures *Variable Rate Debt* then *you* will pay an amount equal to three (3) months' interest at the then current *Variable Interest Rate*, on the outstanding *Variable Rate Debt*;

(b) if the *Mortgage* secures *Fixed Rate Debt* then *you* will pay an amount equal to the greater of (i) three (3) months' interest at the *Fixed Interest Rate* on the outstanding *Fixed Rate Debt* or (ii) the *Interest Rate Differential Amount* calculated on the outstanding *Fixed Rate Debt*.

9.05 Appointment of Receiver.

If *you* do not comply with any of *your Obligations*, the *Bank* may appoint a *Receiver* on any terms (including remuneration) that the *Bank* thinks are reasonable. The *Bank* may also remove any *Receiver* and appoint another *Receiver*. The following provisions apply:

(a) The *Receiver* will be *your* agent, not the *Bank's*; *you* alone will be responsible for any of the *Receiver's* acts or omissions. The *Bank* will not be responsible for any misconduct or negligence of the *Receiver*.

(b) Any *Receiver* may or may not be the *Bank's* officer or employee.

(c) Appointing a *Receiver* will not constitute the *Bank* a mortgagee in possession.

(d) From the income collected, the *Receiver* may pay all *Taxes*, insurance premiums and other expenses required to keep the *Property* in good condition; pay its own fees as *Receiver*; pay all amounts required to keep any mortgages or other interests ranking in priority to the *Mortgage* in good standing; pay *Interest*; and pay all or any part of the *Debt*, whether due or not.

(e) The *Bank* is not accountable for any money received by the *Receiver* except to the extent that the *Bank* actually receives that money.

(f) The *Receiver* may do any one or more of the following:

    (i) use every right or remedy that the *Bank* has under the *Mortgage* to collect the income from the *Property*, take possession of all or part of the *Property*, manage the *Property* and keep the *Property* in good condition;

    (ii) manage any business conducted on the *Property*;

    (iii) lease all or any portion of the *Property*, and for this purpose enter into contracts in *your* name that will be binding on *you*;

    (iv) sell the *Property*;

    (v) arrange for the repair and maintenance of the *Property*; arrange to complete any construction on the *Property*; arrange for construction of leasehold improvements. The *Receiver* may register plans of subdivision and declarations and descriptions for the *Property*. The *Receiver* may also take possession of and use any materials, supplies, plans, tools or equipment on the *Property*; and

(vi) borrow money on the security of the *Property* in priority to the *Mortgage*.

(g) The rights and powers in this Section are supplemental to any other rights and powers that the *Bank* may have.

9.06 Court Appointed Receiver.

The *Bank* may ask the Court to appoint a *Receiver*, or confirm the appointment of a *Receiver*, of the *Property*. The terms of the appointment of this *Receiver* will be as the Court determines.

ARTICLE 10
MISCELLANEOUS PROVISIONS

10.01 Judgments.

If the *Bank* obtains a judgment because of *your* default in any *Obligation*, that judgment will not operate as a merger of any *Obligation* or affect the *Bank's* right to *Interest*. Any judgment will provide that *Interest* is to be computed at the same rate and in the same manner as set out in the *Mortgage* until the judgment is fully paid.

10.02 Costs of Dishonoured Payments.

If any cheque *you* have given the *Bank* is not honoured, or if any automatic deduction is not processed, *you* must pay the *Bank's* then current standard administration fee for each cheque that is dishonoured or payment that is not processed. The *Bank's* standard administration fee represents a reasonable estimate of the damages the *Bank* will suffer because the cheque is dishonoured or the payment is not processed. This sum will be added to the *Debt* from the date the cheque is dishonoured or the payment not processed.

10.03 Discharge.

When *you* have paid the *Debt* in full and performed all of *your* other *Obligations*, the *Bank* will, if requested by *you*, sign a discharge or a transfer of the *Mortgage*. The *Bank* will have a reasonable time to prepare and sign the discharge or transfer or to authorize the electronic registration of a discharge or transfer. The *Costs* of registration of any discharge will be *your* responsibility. *You* will pay the *Bank's* then current administration fee for preparing a discharge or an assignment of the *Mortgage*. Registration and the costs of registration of any discharge or transfer will be *your* responsibility. If the *Bank* registers the discharge or transfer, *you* will pay any government fee that the *Bank* incurs for registration.

10.04 Conflict.

If there is any conflict between the terms of the *Mortgage* and the terms of the *Commitment*, the *Commitment* will prevail. If there is any conflict between the terms of the *Mortgage* and the terms of the *Credit Documents*, the *Credit Documents* will prevail. If there is any conflict between the terms of the *Mortgage* and the terms of any *Renewal Agreement*, the *Renewal Agreement* will prevail.

10.05 Notices by the Bank.

(a) Unless otherwise stated in the *Mortgage*, and subject to Article 6, if the *Mortgage* allows or requires the *Bank* to make a demand on, give a notice or consent to or make a request of any person (including *you*), the *Bank* may make the demand, give the notice or consent or make the request, in any one or more of the following ways, at the *Bank's* sole discretion:

(i) by delivering it personally to the person (if the person is a corporation, by delivering it personally to a director, officer or employee of the corporation);

(ii) by transmitting it by facsimile to the person;

(iii) by transmitting it via e-mail to the person (if the person is a corporation, by transmitting it via e-mail to a director, officer or employee of the corporation);

(iv) by mailing it by prepaid registered mail addressed to the person at the person's last known address; or

(v) by transmitting it by any other means as the *Bank Approves* in writing in advance.

(b) Unless otherwise stated in the *Mortgage*, notice will be regarded as received:

(i) when it is personally delivered to the person or to the director, officer or employee of the corporation;

(ii) on the day of the facsimile transmission or, if that day is not a *Business Day*, on the first *Business Day* after the facsimile transmission;

(iii) on the first *Business Day* after the e-mail to the person or to the director, officer or employee of the corporation;

(iv) five (5) days after the date of mailing, whether the person receives it or not; or

(v) on any other date as the *Bank* advises *you* when it advises *you* of an alternative method of notice pursuant to Paragraph 10.05(a)(v).

10.06 Notices by You.

(a) Any notice that *you* give the *Bank* must be by one of the following methods:

(i) registered mail, postage prepaid to the address on the *Mortgage*;

(ii) personal delivery to the manager of the branch of the *Bank* that administers the *Mortgage*; or

(iii) any other method that the *Bank Approves* in advance.

(b) Unless otherwise agreed to by *you* and the *Bank* notice will be deemed to be received:

(i) five (5) days after mailing by registered mail;

(ii) when personally delivered to the branch manager; or

(iii) on any other date the *Bank* advises *you* when it advises *you* of an alternative method of notice.

10.07 Number.

Words in the singular include the plural and words in the plural include the singular.

10.08 Who is Bound.

The *Mortgage* is binding on *you, your* legal and personal representatives, *your* heirs, *your* successors and *your* assigns. The *Mortgage* is also binding upon anyone to whom *you* transfer the *Property*. The *Mortgage* is binding on the *Bank*, on its successors and on anyone to whom the *Bank* may transfer the *Mortgage*.

10.09 Consents and Disclosure.

(a) *You* consent to the *Bank* transferring, selling or assigning the *Mortgage* and all of its rights under the *Mortgage*;

(b) If the *Bank* does so, it may disclose information about *you* and the *Mortgage* to anyone to whom the *Bank* transfers, sells or assigns its rights;

(c) The *Bank* may also disclose information about *you* and the *Mortgage* to an insurer or other third party from whom the *Bank* may obtain benefits that protect its security;

(d) *You* consent to insurers and other third parties that provide benefits or services to the *Bank* for the *Mortgage* obtaining information about *you* from credit bureaus and other lenders to evaluate *you* and the *Mortgage*.

10.10 Partial Invalidity.

If any provision of the *Mortgage* is found to be invalid or unenforceable, the validity and enforceability of all other provisions in the *Mortgage* will not be affected.

10.11 Effect of Amendments.

Any agreement to make an *Amendment* to the *Mortgage* including, without limitation, any extension of time for payment, change in the *Interest Rate* or renewal or extension of the *Term*, will apply not only to those who *Approve* the *Amendment* but also to any *Guarantor* and to any other person who was a party to the *Mortgage* but did not *Approve* the *Amendment*.

10.12 Liability.

If two or more persons are liable under the *Mortgage* their liability is both joint and several (that is, they are each liable for the full performance of all *Obligations*).

10.13 Telephone Calls.

You agree that the *Bank* may tape any telephone calls to ensure quality service and to confirm *your* discussions with the *Bank* and any of its employees.

10.14 Governing Law.

The *Mortgage* shall be governed by the *Laws* of Ontario and the applicable federal *Laws* of Canada. *You* submit to the jurisdiction of the courts of Ontario with respect to the *Mortgage*.

10.15 Statute References.

A reference in the *Mortgage* to a statute includes the statute as it may be amended and any replacement or substitute statute.

ARTICLE 11
DEFINITIONS

11.01 Definitions.

In this set of Standard Charge Terms and in any *Mortgage* incorporating these Standard Charge Terms, the following words have the following meanings:

> "*Amendment*" means any document or agreement *Approved* by both *you* and the *Bank* that changes any term of the *Mortgage*, including without limitation changes to the amount of a *Regular Payment*, changes to the frequency of payments and any agreement renewing or extending the *Mortgage*.

"*Approved*" means agreed to in writing or by another method that the *Bank* may make available. "*Approve*", "*Approves*" and "*Approval*" have corresponding meanings.

"*Balance Due Date*" means the Balance Due Date indicated in the *Mortgage* or other date *Approved* by *you* and the *Bank* and is the date the *Principal Amount* is payable. This date is the same date as the *Last Payment Date*.

"*Bank*" means The Toronto-Dominion Bank, the mortgagee or chargee under the *Mortgage*.

"*Business Day*" means a day other than a Saturday, a Sunday or a statutory holiday observed in the Province of Ontario.

"*CashBack*" means an amount of money (the equivalent of an *Interest Rate* discount calculated over the *Term*) paid to *you* in advance at the time *you* take out the *Mortgage*.

"*Collateral Loan Debt*" means all present and future amounts owing by *you* to the *Bank*, including *Interest*, pursuant to a line of credit agreement, loan agreement, guarantee or any other document that *you* have agreed will be secured by the *Property*. Without limiting the previous sentence, *Collateral Loan Debt* includes any debt, past, present or future, direct or indirect, absolute or contingent, matured or not, remaining unpaid by *you* to the *Bank*, in any currency, whether arising from dealings between *you* and the *Bank* or from any other dealings or proceedings by which the *Bank* may in any manner be or become *your* creditor, however incurred, whether incurred by *you* alone or with others and whether as principal or as surety.

"*Collateral Loan Principal Amount*" means the portion of the *Principal Amount* that bears *Interest* at the interest rate or rates set out in the *Credit Documents*.

"*Commitment*" means a document *Approved* by both *you* and the *Bank* in which the *Bank* commits to providing *you* with mortgage financing, including an advance, a loan or a line of credit, which sets out the terms of that mortgage financing and which includes the disclosure of the cost of borrowing mandated by the *Bank Act* (Canada).

"*Common Expenses*" means the expenses related to the performance of the objects and duties of the *Condominium Corporation* and all expenses specified as common expenses in the *Condominium Act* or in the *Declaration*.

"*Condominium Act*" means the *Condominium Act, 1998*, S.O. 1998, c. 19 (as amended or replaced).

"*Condominium Corporation*" means the condominium corporation that was created by the registration of the *Declaration* and the *Description* on land of which the *Property* is a part.

"*Convey*" means sell, convey, dispose of, transfer or lease, or enter into an agreement to sell, convey, dispose of, transfer or lease (whether by operation of law or otherwise); "*Conveyed*" has a corresponding meaning.

"*Costs*" means all of the fees, costs, charges and expenses relating to:

(i) the *Approval*, preparation, execution and registration of the *Mortgage*, any document connected with the *Mortgage* and any *Amendment*, discharge or transfer of the *Mortgage*;

(ii) any amounts the *Bank* is entitled to charge *you* or pay on *your* behalf under the *Mortgage*;

(iii) any expenses that the *Bank* incurs in enforcing any of its remedies under the *Mortgage*;

(iv) any charges of a municipality or other taxing authority for providing the *Bank* with information on *Taxes* or imposed because the *Bank* (rather than *you*) is paying *Taxes*;

(v) any inspection of the *Property*;

(vi) any environmental testing, site assessment, investigation, study or inspection of the *Property*;

(vii) all repairs made to the *Property*;

(viii) having to take possession and secure, complete and equip any buildings, structures or improvements on the *Property*, including completing construction of the *Property*;

(ix) the renewal of any leasehold interest;

(x) the cost of any *Receiver*;

(xi) any expenses incurred in removing a construction lien from title to the *Property*, obtaining a discharge of a construction lien or defending a construction lien action relating to the *Property*;

(xii) any mortgage insurance or title insurance; and

(xiii) all lawyers' fees and disbursements (including those of the *Bank's* in-house lawyers) in any way relating to items (i) through (xii) on a full indemnity basis.

"*Credit Documents*" means documents *Approved* by *you* and the *Bank* that relate to *Collateral Loan Debt*. *Credit Documents* include promissory notes, line-of-credit agreements, loan agreements, guarantees, any other documents that *you* have agreed will be secured by the *Property* and any amendments or renewals of those documents.

"*Debt*" means the sum of *Fixed Rate Debt*, *Variable Rate Debt*, *Collateral Loan Debt*, *Costs* and all other amounts payable by *you* under the *Mortgage* or the *Credit Documents*.

"*Declaration*" means the declaration that was registered pursuant to the *Condominium Act* or any predecessor legislation to create the *Condominium Corporation*.

"*Deferred Interest*" means, for any *Interest Period*, the *Interest* that has accrued on the *Variable Rate Principal Amount* that is greater than a *Regular Payment*.

"*Description*" means the description registered pursuant to the *Condominium Act* or any predecessor legislation.

"*Differential Interest Rate*" has the meaning set out in Subsection 5.06(d).

"*Excess*" has the meaning set out in Subsection 4.10(e).

"*First Payment Date*" means the First Payment Date indicated in the *Mortgage* or any other date *Approved* by *you* and the *Bank*.

"*Fixed Interest Rate*" means the annual fixed rate of interest indicated in the *Mortgage* or *Approved* by *you* and the *Bank*. The *Fixed Interest Rate* is calculated half-yearly, not in advance.

"*Fixed Rate Debt*" means the *Fixed Rate Principal Amount* and *Interest* under a *Mortgage* having a *Fixed Interest Rate*.

"*Fixed Rate Principal Amount*" means the portion of the *Principal Amount* that bears *Interest* at the *Fixed Interest Rate*.

"*Guarantor*" means each guarantor described in the *Mortgage* or who signs a written document, agreeing to be responsible for all or some of *your Obligations* and agreeing to be bound by the terms of the *Mortgage*.

"*Insured Mortgage*" means a mortgage insured by the Canada Mortgage and Housing Corporation, Genworth Financial Mortgage Insurance Company Canada or any other mortgage insurer *Approved* by the *Bank*.

"*Interest*" means all the interest owing from time to time under the *Mortgage* or the *Credit Documents*, calculated at the applicable *Interest Rate*.

"*Interest Adjustment Date*" means the Interest Adjustment Date indicated in the *Mortgage* or any other date *Approved* by the *Bank*.

"*Interest Period*" means the period between two consecutive *Regular Payments* beginning on a *Payment Date* and ending on the day before the next *Payment Date*.

"*Interest Rate*" means the *Fixed Interest Rate*, the *Variable Interest Rate* or the interest rate or rates set out in the *Credit Documents*, as applicable.

"*Interest Rate Differential Amount*" has the meaning set out in Subsection 5.06(d).

"*Last Payment Date*" means the Last Payment Date indicated in the *Mortgage* or any other date *Approved* by *you* and the *Bank*. This date is the same date as the *Balance Due Date*.

"*Late Interest*" means the additional *Interest* charged by the *Bank* on both the principal and interest portion of any late *Regular Payment*.

"*Law*" means any law, statute, rule, requirement, demand, order, direction, code, guideline, ordinance, by-law, policy or regulation of any government, governmental authority or agency.

"*Lease*" means any lease, sublease or agreement to lease that gives *you your* interest in the *Property* as a tenant, lessee, subtenant or sublessee.

"*Leased Property*" means *your* leasehold interest in the *Property* under a *Lease*.

"*Mortgage*" means, for the non-electronic paper based registration system, the mortgage or charge of the *Property* signed by *you* in the Form 2 Charge/Mortgage of Land and any schedules attached to it or, for the electronic registration system, the mortgage or charge of the *Property* given by *you* to the *Bank* pursuant to *your* signed authorization and direction, and prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act* of Ontario. "*Mortgage*" also includes all schedules and *Amendments*, these Standard Charge Terms and any notice advising *you* of a change in the *Variable Interest Rate*.

"*Mortgage Prime Rate*" means the annual interest rate (calculated monthly not in advance) that the *Bank* sets and adjusts at its discretion as the reference rate the *Bank* will charge for variable interest rate loans on prime residential properties. The current *Mortgage Prime Rate* is available from the *Bank's* branch offices.

"*Obligations*" means all of the obligations that *you* have agreed to perform and all of the promises *you* have made under the *Mortgage* and the *Credit Documents*.

"*Original Principal Amount*" means the original principal that is indicated in the *Mortgage*.

"*Payment Date*" means the date on which *you* are to make a *Regular Payment* indicated in the *Mortgage*, or any other date *Approved* by *you* and the *Bank*.

"*Principal Amount*" means that portion of the *Original Principal Amount* that is outstanding from time to time. *Principal Amount* includes *Variable Rate Principal Amount, Fixed Rate Principal Amount* and *Collateral Loan Principal Amount*.

"*Property*" means all or any part of (i) the lands described in the *Mortgage*, (ii) any buildings or structures now on those lands or added to those lands at any time and (iii) anything now or later attached or fixed to those lands, buildings or structures.

"*Purchaser*" has the meaning set out in Section 7.01.

"*Receiver*" means a person appointed by the *Bank* or a Court to collect income from and manage the *Property*; "*Receiver*" includes a receiver and a receiver and manager.

"*Regular Payment*" means the amount of each payment or the payments indicated in the *Mortgage* or other payment *Approved* by *you* and the *Bank* for either *Fixed Rate Debt* or *Variable Rate Debt*.

"*Renewal Agreement*" means an agreement, renewal notice or written letter *Approved* by the *Bank* and at least one of *you* confirming the terms of a renewal or extension of the *Mortgage*.

"*Similar Mortgage*" has the meaning set out in Subsection 5.06(d).

"*Tax Account*" means an account on the *Bank's* books of account relating to the *Mortgage* and to which the *Bank* may add payments made by *you* under Section 7.05.

"*Taxes*" means all present and future realty taxes, rates and assessments of any nature or kind on the *Property* and includes interest and penalties.

"*Term*" means the length of time from the *Interest Adjustment Date* to the *Balance Due Date* or other length of time *Approved* by *you* and the *Bank*.

"*Trigger Point Amount*" has the meaning set out in Subsection 4.10(e).

"*Variable Interest Rate*" means the annual interest rate, calculated monthly not in advance, that changes from time to time based on the *Mortgage Prime Rate*.

"*Variable Rate Debt*" means the *Variable Rate Principal Amount*, *Interest* and *Deferred Interest* under a *Mortgage* having a *Variable Interest Rate*.

"*Variable Rate Principal Amount*" means the portion of the *Principal Amount* that bears *Interest* at the *Variable Interest Rate*.

"*You*" means each of the persons indicated as chargors or mortgagors in the *Mortgage* and anyone else who is bound by the *Mortgage* under Section 10.08. "*Your*" has a corresponding meaning.

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APPENDIX
TABLE OF VARIABLE RATES

Variable Interest Rate Calculated Monthly not in Advance	Equivalent Annual Interest Rate Calculated Half-Yearly not in Advance	*Variable Interest Rate* Calculated Monthly not in Advance	Equivalent Annual Interest Rate Calculated Half-Yearly not in Advance
%	%	%	%
3.00	3.0188	16.00	16.5429
3.25	3.2721	16.25	16.8102
3.50	3.5256	16.50	17.0777
3.75	3.7794	16.75	17.3455
4.00	4.0335	17.00	17.6316
4.25	4.2878	17.25	17.8819
4.50	4.5424	17.50	18.1506
4.75	4.7973	17.75	18.4195
5.00	5.0524	18.00	18.6887
5.25	5.3078	18.25	18.9581
5.50	5.5634	18.50	19.2278
5.75	5.8193	18.75	19.4979
6.00	6.0755	19.00	19.7682
6.25	6.3319	19.25	20.0387
6.50	6.5887	19.50	20.3096
6.75	6.8456	19.75	20.5807
7.00	7.1029	20.00	20.8521
7.25	7.3604	20.25	21.1238
7.50	7.6182	20.50	21.3957
7.75	7.8762	20.75	21.6680
8.00	8.1345	21.00	21.9405
8.25	8.3931	21.25	22.2133
8.50	8.6519	21.50	22.4863
8.75	8.9111	21.75	22.7597
9.00	9.1704	22.00	23.0333
9.25	9.4301	22.25	23.3072
9.50	9.6900	22.50	23.5814
9.75	9.9502	22.75	23.8559
10.00	10.2107	23.00	24.1307
10.25	10.4714	23.25	24.4057
10.50	10.7324	23.50	24.6810
10.75	10.9937	23.75	24.9566
11.00	11.2552	24.00	25.2325
11.25	11.5170	24.25	25.5086
11.50	11.7791	24.50	25.7851
11.75	12.0414	24.75	26.0618
12.00	12.3040	25.00	26.3388
12.25	12.5669		
12.50	12.8301		
12.75	13.0935		
13.00	13.3572		
13.25	13.6212		
13.50	13.8854		
13.75	14.1499		
14.00	14.4147		
14.25	14.6798		
14.50	14.9451		
14.75	15.2108		
15.00	15.4766		
15.25	15.7428		
15.50	16.0092		
15.75	16.2759		

Dated the 14th day of December, 2005

Bruce Salvatore

Bruce Salvatore

Solicitor for The Toronto-Dominion Bank

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Filing Date 15th Dec 2005 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
Set of Standard Charge Terms

Filed by: PenFinancial Credit Union Limited

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 9 of the Act.

1. Definitions

The following terms shall have the following meanings:

(a) "Act" means the Land Registration Reform Act, R.S.O. 1990, c.L.4 (as amended or replaced);
(b) "Charge" means this charge in which this set of Standard Charge Terms is deemed to be included pursuant to the Act and includes any schedules attached to it, any additional provisions contained in it, any renewals or extensions thereof, and amendments thereto;
(c) "Chargee" means the chargee so designated in the registration document;
(d) "Chargor" means the chargor, so designated in the registration document;
(e) "Guarantor" means the guarantor so designated in the registration document and provided for in Section 26 of those standard charge terms;
(f) "Land" or "Lands" means the lands described in the registration document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or land, including additions, alteration, substitutions and improvements. If the land is a condominium unit, it includes the common elements and any other interest that the Chargor may have in the assets of the condominium corporation; and references to "land" or "lands" means all or any part of it;
(g) "Loan" means the monies advanced by the Chargee to the Chargor secured by the Charge and in the amount of the principal amount;
(h) "Prime Rate" means the annual rate of interest announced from time to time by the Chargee as a reference rate for determining interest rates on Canadian dollar loans in Canada;
(i) "Principal Amount" means the amount set out in the registration document as the principal amount;
(j) "Registration Document" means for the non-electronic paper based registration system the Form 2 Charge/Mortgage of Land or for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act; and
(k) "Variable Rate Charge", "Fixed Rate Closed Charge", "Fixed Rate Open Charge", or "Line of Credit Charge", as the case may be, means the type of charge so designated by the Chargee in its loan documentation executed by the Chargor in the filing of the loan.

2. Charge Rate

The rate of interest chargeable upon the principal amount and all other amounts payable under the Charge shall be:

(a) For Fixed Rate Open Charges or Fixed Rate Closed Charges, it shall be the rate specified in the registration document (the "Charge Rate"), calculated half-yearly not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.
(b) For Variable Rate Charges and Line of Credit Charges, it shall be the Prime Rate per annum, as the same will vary from time to time, as indicated in the registration document plus or minus the number of percentage points, per annum, if any, indicated in Box 9 (b), (such rate of interest is hereinafter referred to as the "Loan Rate"), in either case, payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

If the Charge is a Variable Rate Charge or a Line of Credit Charge, the Charge Rate will vary automatically whether or not notice is given to the Chargor, each time there is a change in the Prime Rate. The Charge Rate will always be the Prime Rate plus or minus the number of percentage points per annum, if any, indicated either in the registration document, as applicable, payable monthly and calculated monthly not in advance.

The Charge Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in Section 8 of these standard charge terms. The Chargor may determine the equivalent rate by locating the Charge Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting for the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate at such time.

3. **Application of Installment Payments**

(a) Application of Installment Payments

The installments, payable under the Charge are to be applied in the following order:

- i) to pay collection expenses, if any;
- ii) to pay life insurance premiums in respect of the Charge, if any;
- iii) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the Charge, including tax accounts;
- iv) to pay any applicable administration or processing fees;
- v) to pay interest or reduce the interest (including deferred interest, any outstanding or late interest charges) on the principal amount accumulated to but not including the payment date;
- vi) to reduce the principal amount,

provided that if the Chargor does not meet any of the Chargor's obligations pursuant to the Charge then the Chargee may apply any payments or any other monies received during the period of default in whatever order it elects amongst any amounts payable by the Chargor pursuant to the Charge.

(b) Increase of Installment Payment

If the Charge is a Variable Rate Charge or a Line of Credit Charge then although the payment amount is fixed under the terms of the Charge, the respective portions of interest and principal which comprise each installment may vary as the Prime Rate varies and, therefore, the Charge Rate payable under the Charge, varies. As a result, if the Prime Rate declines, a larger portion of any installment will be applied against the outstanding principal amount, thus accelerating the reduction of the outstanding principal amount. Conversely, if the Prime Rate increases, a larger portion of any installment will be applied against accrued interest, thus delaying the reduction of the outstanding principal amount. If the Charge is not in default and a regularly scheduled installment payment is not sufficient to pay all accrued interest on the outstanding principal amount, the Chargor agrees that the Chargee may, without notice to the Chargor, increase the amount of the installment payment in increments of two dollars, until the installment payment amount is sufficient to pay all interest that has accrued from the last installment date up to and including the date of the payment. The amount so paid shall become the new installment payment amount until such time as the Chargee and Chargor may agree to a different installment payment amount or the installment payment amount is again increased in accordance with the terms hereof.

(c) Withholding from Payments

If the Chargor is required by law to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the sum payable by the Chargor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made. The Chargor shall pay the full amount to be deducted or withhold to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Chargee within thirty days after the Chargor has made such payment to the applicable authority a receipt issued by such authority evidencing such payment. Alternatively, the Chargee, at its option, may agree to make such deduction and remit same to the relevant taxation or other authority on behalf of the Chargor. If the Chargee remits amounts on behalf of the Chargor, the Chargor shall remain liable for all amounts owing to the relevant taxation or other authority and shall pay to the Chargee, on demand, any additional amounts that may be payable to the taxation or other authority or shall provide evidence that the full amount has been paid to the taxation or other authority.

4. **Compound Interest**

It is agreed that if default is made in the payment of any amount to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next installment payment date after the date of default a rest shall be made, and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the lands and shall be secured by the Charge.

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5. **Pre-Payment Options for Fixed Rate Charge – Blended Payments**

If the Charge is a Fixed Rate Charge repayable in blended installments of principal and interest, the Chargor when not in default under Charge, may:

(a) at any time during the term of the Charge prepay the whole or any part of the outstanding principal amount upon payment of the greater of (i) three (3) months' bonus interest at the Charge Rate, or (ii) interest for the remainder of the term at a rate of interest equal to the extent, if any, by which the Charge Rate exceeds the rate the Chargee is offering at the time for charges having terms similar to the time remaining in the Charge. In either case, the bonus interest is calculated on the portion of the outstanding principal amount prepaid.

If it is necessary at any time for the Chargee to prove the Chargee's rate being so offered for similar charges as at any time, or times, it is agreed that the certificate in writing of the Chargee setting forth the Chargee's rate as at any time, or times, shall be conclusive evidence as to the rate as at such time.

(b) Once in each twelve (12) month period, commencing on the interest adjustment date or any anniversary thereof, prepay on any installment payment date without notice or bonus, a portion of the outstanding principal amount not exceeding fifteen percent (15%) of the original principal amount. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative. This privilege does not apply if the Chargor is prepaying an amount that is greater than 15% of the original principal amount.

(c) Once in each twelve (12) month period, commencing on the interest adjustment date or any anniversary thereof, on written notice to the Chargee, elect to increase the regular installments by any additional amount not exceeding fifteen percent (15%) of the installment being paid immediately prior to such increase, such increase to commence on the payment date specified in such written notice. This privilege when not exercised in a particular twelve (12) month period shall not be cumulative.

6. **Prepayment Option For Fixed Rate Open Charge**

If the Charge is a Fixed Rate Open Charge, the Chargor, when not in default under the Charge, may prepay on any installment payment date, without notice or bonus, the whole or any part of the outstanding principal amount provided that such payment is in multiples of $50.00.

7. **Prepayment Option for Variable Rate Charges and Line of Credit Charges**

If the Charge is a Variable Rate Charge or Line of Credit Charge, the Chargor, when not in default under the Charge, may on any payment date prepay the whole or any part of the outstanding principal amount, without notice or bonus provided that the amount of any such prepayment shall not be less than Five Hundred Dollars ($500.00).

8. **Equivalent Interest Rates**

This section sets out a table of equivalent interest rates. The equivalent interest rates are provided for disclosure purposes only and do not affect the calculation of interest under the Variable Rate Charge or Line of Credit Charge which calculation is set out in paragraph 2(b) of these standard charge terms. The following table sets out interest rates calculated half yearly, not in advance which are equivalent to interest rates calculated monthly not in advance. The Chargor may determine the equivalent rate by locating the rate of interest payable under the Chargor's Variable Rate Charge or Line of Credit Charge in the column headed "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATES TABLE

Interest Rate Calculated Monthly No in Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)	Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)
1.000	1.002	10.500	10.732
1.125	1.128	10.625	10.863
1.250	1.253	10.750	10.994
1.375	1.379	10.875	11.124
1.500	1.505	11.000	11.255
1.625	1.631	11.125	11.386
1.750	1.756	11.250	11.517
1.875	1.882	11.375	11.648
2.000	2.008	11.500	11.779
2.125	2.134	11.625	11.910
2.250	2.261	11.750	12.041
2.375	2.387	11.875	12.173
2.500	2.513	12.000	12.304

2.625	2.639	12.125	12.435
2.750	2.766	12.250	12.567
2.875	2.892	12.375	12.698
3.000	3.019	12.500	12.830
3.125	3.145	12.625	12.962
3.250	3.272	12.750	13.094
3.375	3.399	12.875	13.225
3.500	3.526	13.000	13.357
3.625	3.652	13.125	13.489
3.750	3.779	13.250	13.621
3.875	3.906	13.375	13.753
4.000	4.033	13.500	13.885
4.125	4.161	13.625	14.018
4.250	4.288	13.750	14.150
4.375	4.415	13.875	14.282
4.500	4.542	14.000	14.415
4.625	4.670	14.125	14.547
4.750	4.797	14.250	14.680
4.875	4.925	14.375	14.812
5.000	5.052	14.500	14.945
5.125	5.180	14.625	15.078
5.250	5.308	14.750	15.211
5.375	5.436	14.875	15.344
5.500	5.563	15.000	15.477
5.625	5.691	15.125	15.610
5.750	5.819	15.250	15.743
5.875	5.947	15.375	15.876
6.000	6.076	15.500	16.009
6.125	6.204	15.625	16.143
6.250	6.332	15.750	16.276
6.375	6.460	15.875	16.409
6.500	6.589	16.000	16.543
6.625	6.717	16.125	16.677
6.750	6.846	16.250	16.810
6.875	6.974	16.375	16.944
7.000	7.103	16.500	17.078
7.125	7.232	16.625	17.212
7.250	7.360	16.750	17.345
7.375	7.489	16.875	17.480
7.500	7.618	17.000	17.614
7.625	7.747	17.125	17.748
7.750	7.876	17.250	17.882
7.875	8.005	17.375	18.016
8.000	8.135	17.500	18.151
8.125	8.264	17.625	18.285
8.250	8.393	17.750	18.419
8.375	8.522	17.875	18.554
8.500	8.652	18.000	18.689
8.625	8.781	18.125	18.823
8.750	8.911	18.250	18.958
8.875	9.041	18.375	19.093
9.000	9.170	18.500	19.228
9.125	9.300	18.625	19.363
9.250	9.430	18.750	19.498
9.375	9.560	18.875	19.633
9.500	9.690	19.000	19.768
9.625	9.820	19.125	19.903
9.750	9.950	19.250	20.039
9.875	10.080	19.375	20.174
10.000	10.211	19.500	20.310
10.125	10.341	19.625	20.445
10.250	10.471	19.750	20.581
10.375	10.602	19.875	20.716

9. **Collateral Security**

If this Charge is given by the Chargor as collateral security pursuant to a loan, then the Charge shall, whether or not it secures a current or running account, be a general and continuing collateral security to the Chargee for payment of the indebtedness owing by the Chargor (the "Indebtedness") in an amount not exceeding the amount secured by this Charge and performance of the Chargor's other obligations under this Charge notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the accounts relating thereto or in the bills of exchange, promissory notes and/ or other obligations now or later held by the Chargee representing all or any part of the Indebtedness or in the names of the parties to such bills, notes and/or other obligations or that there is no Indebtedness outstanding at any particular times; and the Charge will not be deemed to have been redeemed or become void as a result of any such event or circumstances.

10. **No Set-Offs**

The Chargee shall be entitled to the principal monies and interest and all other amounts payable pursuant to the provisions hereof free from all equities, deductions rights or set-offs or counterclaims.

11. **Government Compliances**

The said Chargor doth release to the said Chargee all its claims upon the said lands subject to the said proviso. The Chargor covenants to observe all laws, by-laws, regulations and requirements of all government, governmental authorities and regulatory agencies relating to the charged premises or to the business of the Chargor.

12. **Advance of Mortgage Moneys**

The Chargor agrees that neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the money hereby secured, nor does the advance of a part of the monies hereby bind the Chargee to advance any unadvanced portion thereof, but nevertheless the estate hereby conveyed shall take effect forthwith upon the execution of these presents by the Chargor, and the cost of all proceedings taken in connection with this charge, including (without limiting the generality of the foregoing) the expense of the negotiation of this Charge, examination of the title, preparing and registering this Charge and valuation, are to be secured hereby whether or not the whole or any part of the principal sum hereof is advanced, the same being hereby charged upon the said lands and shall be without demand therefore, payable forthwith upon execution of these presents by the Chargor with interest at the rate aforesaid, and in default of payment thereof, the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable.

13. **Promise to Pay and Perform**

The Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Chargee in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge. The Chargor will comply with all orders issued by regulatory authorities and all environmental laws, regulations, and ordinances. The Chargor will pay, as they fall due, all taxes, rates, assessments and penalties, whether municipal, local, parliamentary, judicial, or administrative, which now or may hereafter be imposed, charged or levied upon the lands or against the Chargor and when required, produce for the Chargee receipts evidencing payment of the same.

The Chargee shall have the right from time to time to estimate the amount of taxes on the charged lands and premises for each year and to require the Chargor to pay in each month, a specified portion of such estimated amount in addition to the monthly installments stipulated in this Charge (if any); and the Chargor covenants and agrees when so required to pay to the Chargee in addition to the monthly installments herein mentioned (if any) such specified portion of the said taxes with each of the twelve succeeding monthly installments herein mentioned next falling due, and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amount. If the principal and interest are repayable on demand only, this amount on account of taxes shall be paid to the Chargee in each month on a day designated by the Chargee. If before any amount on account of taxes so paid to the Chargee shall have been applied against taxes, there shall be arrears in the payment of principal and/or interest due and payable under this Charge, the Chargee may apply such amount paid on account of taxes instead towards payment of the arrears of principal and/or interest. The Chargee is not obligated to pay interest to the Chargor on amounts paid to the Chargee on account of taxes for the period of time immediately preceding the date the amounts are applied against taxes.

If payment provisions in this Charge require the Chargor to make payments of principal and interest monthly, the Chargor and the Chargee may, from time to time, agree that payments of principal and interest (and any amount on account of taxes, if applicable) shall be made more frequently than monthly, in which case the Chargor shall comply with the terms of any such agreement instead of the payment provisions prescribed in this Charge.

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If this Charge contains an interest adjustment date, the Chargor further covenants to pay, on such date, interest at the rate set forth in the Charge and all money advanced by the Chargee to the Chargor under the Charge, prior to such interest adjustment date.

14. **Inspection**

The Chargor agrees from time to time to supply to the Chargee forthwith upon demand therefore such information and documents as are within the Chargor's possession or under the Chargor's control regarding the said lands or any part thereof as the Chargee may demand and to permit the Chargee and any persons acting for the Chargee at all reasonable times to enter upon the said lands or any part thereof for the purpose of inspecting the said lands or any part thereof and further agrees that the reasonable costs of every such inspection shall be a charge upon the said lands and shall be payable forthwith upon demand therefore and bear interest at the aforesaid rate, compounded monthly until paid.

15. **Title**

The Chargor covenants that the Chargor has a good title in fee simple to the said land; AND that the Chargor has the full right, power and authority to charge the lands to the Chargee pursuant to this Charge; AND that the said Chargor will execute such further assurances of the said lands as may be requisite; AND that the Chargor will warrant and defend his/her/its title to the said lands and to every part thereof against the claims and demands of all persons whatsoever; AND that the Chargor has not at any time heretofore made, done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the lands intended to are charged by this Charge, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise howsoever; AND that on default the Chargee shall have quiet possession of the said lands free from all encumbrances, and in such event shall have full power and authority to carry on in the name of the Chargor the business operations of the Chargor including the power to borrow money and to advance its own monies as it deems necessary and any money so advanced by the Chargee shall bear interest at the aforesaid rate and form a charge on the Charged premises in priority to this Charge.

16. **Insurance**

(a) That the Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the lands and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the lands or the use thereof, with a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due: each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the lands or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt: and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a copy of the Chargee shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Charge; and any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the lands or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the land or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge on account of the amounts secured by this Charge or any part thereof whether due or not then due.

(b) If the lands are part of a condominium the insurance provisions set out in paragraph 16 (a) above will not apply and the following will apply to the Charge:

That the Chargor or the condominium corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the lands described in the Declaration and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the land or the use thereof, with a company or companies approved by the Chargee; and the Chargor and the condominium corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or condominium corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the condominium corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration and by-laws of the condominium corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the condominium corporation shall seek the full compliance of the condominium corporation of the aforementioned covenants.

17. **Remedies of Chargee on Default**

(a) Provided that the Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five days' notice, enter on and lease the said lands or, on default of payment for at least fifteen (15) days, may on at least thirty-five (35) days notice, sell the said lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act, R.S.O. 1990 c.M.40, as amended. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with an adult person on the said lands, if occupied, or by placing it on the said lands if unoccupied or, at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at its last known address, or by publishing it once in a newspaper published in the county or district in which the lands are situate; and such notice shall be sufficient notwithstanding that any person to be affected thereby may be unknown, unascertained, or under disability.

(b) Provided further, without prejudice to the statutory powers of the Chargee under the foregoing proviso, that in case default be made in the payment the said principal or interest or any part thereof of any sum of money that is, by the terms hereof, a charge upon the said lands and such default continues for two months after any payment of either principal or interest falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law.

(c) And it is hereby further agreed that the Chargee may sell any of the said lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefore and may make any stipulations as to the title or evidence or commencement of title or otherwise which it shall deem proper, and may terminate or vary any contract for the sale of the whole or any part of the said lands and re-sell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(d) The Chargor covenants to deliver to the Chargee forthwith upon demand therefore at any time after the power of sale has become exercisable, all deeds and documents in the Chargor's possession or power relating to the said lands, or to the title thereto, which the Chargee would have been entitled to demand and recover if the said lands had been conveyed, appointed, surrendered or assigned to and was then vested in the Chargee for all the estate and interest of the Chargor and of which the Chargor had power to dispose, and the Chargor agrees that if the legal estate is outstanding to a trustee, the Chargee, or any purchaser from it, the Chargee shall be entitled to call for a conveyance of the legal estate to the same extent as the Chargor could have called for such a conveyance if this Charge had not been made. The Chargor hereby appoints the Chargee the irrevocable attorney of the Chargor for the purpose of making the foregoing sale and executing such deed and other instruments as may be desirable to effect such sale.

(e) Provided that the Chargee may distrain for arrears of interest.

(f) Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

18. **Additional Fees**

In addition to, and not in substitution for, all costs, charges and expenses for which the Chargor may be responsible hereunder, the Charger shall pay to the Chargee the following fees:

(a) whenever any cheque or other document, including, without limitation, any pre-authorized debit instrument, is presented for payment of any principal, interest or other amount hereunder, and such cheque or other document is not honoured, the Chargor shall pay to the Chargee an NSF fee in the amount established from time to time by the Chargee;

(b) whenever any amount payable by the Chargor hereunder is not paid when due, the Chargor shall pay to the Chargee a collection fee in respect of the Chargee's collection efforts, in the amount established from time to time by the Chargee;

(c) whenever the Chargor is in default hereunder, the Chargor shall pay to the Chargee an inspection fee in the amount established from time to time by the Chargee in respect of each inspection of the lands made by or on behalf of the Chargee; and

(d) whenever the Chargor is in default hereunder and the Chargee decides to exercise its right to sell the lands or to have them sold, whether or not such rights are exercised in full, the Chargor shall pay to the Chargee an administration fee in the amount established from time to time by the Chargee (which fee may be a per diem rate) for overhead or administrative expenses associated therewith.

All the foregoing fees shall be payable on demand to the Chargee and shall be a charge on the said lands and shall be added to the principal and bear interest at the said rate and, in default of payment, the powers of sale herein given may be exercised.

19. Acceleration

(a) Provided that in default of the payment of the interest hereby secured the principal hereby secured shall become payable.

(b) Provided that upon default of payment of installments of principal promptly as the same mature, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

(c) Provided that if any order shall be made or a resolution passed for the winding-up of the Chargor or if the Chargor shall go into liquidation either voluntarily or by order of a Court or if a petition shall be filed under the Bankruptcy Act by or against the Chargor or an assignment made by it or if an interim receiver is appointed under the Bankruptcy Act or if a receiver or manager or agent is appointed by or on behalf of a secured creditor of the Chargor privately or judicially or if an application is made under the Companies Creditors Arrangement Act or similar statute or if a proposal or an arrangement is made by the Chargor to its creditors under the Bankruptcy Act, or if the Chargor commits any act of bankruptcy, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

(d) Provided that any change in use of the property charged hereby from that set out in the commitment without the written consent of the Chargee shall constitute a default under this Charge and the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

20. Waiver of Default

Provided that the Chargee may in writing at any time or times after default waive any default hereunder and such waiver shall be effective in accordance with its terms. Provided further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

21. Release of Land by Charge

And it is further agreed by and between the parties that the Charge may, at its discretion, at all times release any part or parts of the said lands or any other security or any surety for the money hereby secured either with or without sufficient consideration therefore, without responsibility therefore, and without thereby releasing any part of the said lands or the Chargor or any other person from this Charge or from any of the covenants herein contained, it being agreed that every part or lot into which the said lands are or may hereafter be divided does and shall stand charged with the whole money hereby secured and no person shall have the right to require the Charge monies to be apportioned and the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee.

22. Application of Payments

In case less than the total principal amount of this Charge becomes due and payable and is paid at any time prior to maturity, the principal amount so paid shall be credited against the principal installments payable hereunder in inverse order of their maturity date, so that no credit shall be made against a principal installment of a stated maturity date until credits have been made against all principal installments of later maturity dates.

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23. Repairs and Waste

Provided further that no sale or other dealings by the Chargor with the equity of redemption in the said lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any person liable for payment of the monies hereby secured. The Chargor covenants with the Chargee that it will keep the said lands and the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof respectively and will not commit or permit any act of waste on the said lands or remove, destroy or dispose of any of the said buildings or any of the chattels of a fixed or permanent nature now or hereafter situate on the said lands save and except that the Chargor may remove any such chattels if it replaces the same with a comparable chattel which shall forthwith become a part of the said lands. If the Chargor neglects to keep the said lands in good condition and repair, or commits or permits any act of waste on the said lands (as to which the Chargee shall be sole judge) or makes default as to any covenants or provisos herein contained, the principal hereby secured shall at the option of the Chargee forthwith become due and payable, and in default of payment of same with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given may be exercised and the Chargee may make such repairs as it deems necessary, and the cost thereof with interest thereon shall be a charge upon the said lands prior to all claims thereon subsequent to these presents.

24. Chargee's Costs

(a) It is hereby agreed between the parties hereto that if the Chargor shall be in default as to any of the covenants or provisos herein contained the Chargee may in its discretion perform any of the same capable of being performed by it but shall be under no obligation to so do and that all payments, costs, charges, expenses, and reasonable compensation payable to the Chargee which may be incurred in or attributable to such performance shall, with interest at the rate aforesaid, be a charge upon the said lands.

(b) It is hereby further agreed that the Chargee may pay any liens, (without being obliged to enquire into the validity or priority of the same and without taking or defending any action or proceedings to determine the rights or priorities of any lien claimants to or under any such lien), rents, taxes, claims, charges or encumbrances, of any nature whatsoever upon the said lands and premises for insurance, and Charge or income tax imposed, or that may be imposed, on the Chargee in respect of the said lands or this Charge or the monies hereby secured, and the amount so paid together with all costs, charges, and expenses, including, without limiting the generality of the foregoing, costs as between solicitor and client, traveling expenses of the Chargee and all servants and agents of the Chargee and commissions on collections of rent, which may be incurred in taking, recovering and keeping possession of the said lands or in inspecting or managing the same and generally in any other proceedings, matter or things taken or done in connection with or to collect, protect or realize upon this security or any security collateral hereto, or to perfect the title of the said lands, shall be a charge on the said lands in favour of the Chargee and shall be payable forthwith by the Chargor to the Chargee with interest at the aforesaid rate until paid and in default the power of sale hereby given shall be exercisable in addition to all other remedies.

(c) The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any installment or any other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Chargee may at such time or times as the Chargee may deem necessary and without the concurrence of any person, enter upon the said lands and may make such arrangement for completing the construction of, repairing or putting in order of any buildings or other improvements on the said lands or for inspecting, taking care of, leasing, collecting the rents and managing generally the said lands, as the Chargee may deem expedient and all reasonable costs, charges and expenses, including allowance for the time and service of any employee of the Chargee, or any other person appointed for the above purposes, shall be a charge upon the said lands, shall be payable forthwith upon demand therefore and shall bear interest at the aforesaid rate, compounded monthly until paid or may be added to the debt.

(d) Provided also that upon the registration of any construction lien against the said lands, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the principal and interest hereby secured shall, at the option of the Chargee, forthwith become due and payable.

25. Assignment of Leases

The Chargor hereby assigns, transfers and sets over unto the Chargee its successors and assigns, all leases on all or any part of the lands now existing or hereafter made and the full benefit and advantage thereof and all rents and monies thereby reserved or payable there under and hereafter to become due and owing provided that so long as the Chargor is not in default hereunder all such rents and monies shall continue to be paid to the Chargor. The Chargor covenants to give such further assurances as may be required by the Chargee to perfect the foregoing assignment and transfer.

26. Guarantee

The following provisions of this paragraph have force and effect only if a party signs this Charge as Guarantor.

The Guarantor, in consideration of such advance or advances as the Chargee may make under this Charge and in consideration of the sum of **ONE ($1.00) DOLLAR** now paid to him by the Chargee, the receipt whereof is hereby acknowledged,

(a) Hereby covenants and agrees with the Chargee, as principal debtor and not as surety, to well and truly pay or cause to be paid to the Chargee the principal money, interest, taxes and all other monies which the Chargor has by this Charge covenanted to pay to the Chargee or which are secured by this Charge or intended so to be secured, the said payments to be made on the days and times and in the manner provided for in this Charge;

(b) Hereby further covenants and agrees to keep, observe and perform the covenants, terms, provisos, stipulations and conditions of this Charge which are to be kept, observed and performed by the Chargor and at all times to indemnify, protect and save harmless the Chargee from all loss, costs and damage in respect of the advances of the Charge money and every matter and thing contained in this Charge;

(c) Further agrees that the Chargee may from time to time without notice extend the time for payment of all monies secured by this Charge, amend the terms and times of payment and the rate of interest with respect to the said monies, refrain from enforcing payment of the said monies, release any portion or portions of the lands and waive or vary any of the covenants and conditions in this Charge to be kept observed and performed by the Chargor and grant any indulgence to the Chargor in respect of any default by the Chargor which may arise under this Charge, and that notwithstanding any such act by the Chargee, the guarantor, shall be bound by the provisions of this Charge until all of the monies secured under this said Charge shall have been fully paid and satisfied.

(d) Further, acknowledges that the Chargee may at any time grant or refuse any additional credit to the Chargor, accept or release or renounce any collateral or other security, administer or otherwise deal with the land and premises described in this Charge, take an assignment of the rentals with respect to the said lands and premises and apply any and all monies at any time received from the Chargor or from any other person or from the proceeds of any securities given in connection with this Charge in any manner the Chargee may deem appropriate. The Chargee may also utilize any and all insurance proceeds in the reduction of the principal monies and interest secured by this Charge or for the refurbishing of the lands and premises or in any other manner that the Chargee may in its absolute discretion deem advisable;

(e) Agrees that all of the matters mentioned herein may be performed by the Chargee without notice to the Guarantor or without releasing or in any modifying, altering, varying or in any way affecting the liability of the Guarantor, herein; and

(f) Agrees that all of the covenants and agreements of the Guarantor contained herein shall be binding upon him and his respective successors and assigns and shall accrue to the benefit of the Chargee, its successors and assigns and that the Guarantor's liability as Guarantor, hereunder and the liability of its successors and assigns shall be joint and several.

27. Receiver

If the security hereby created shall become enforceable as herein provided and the Chargor shall have failed to pay the Chargee the amount declared to be due pursuant hereto, the Chargee may in its discretion, appoint a receiver or manager or receiver and manager of the lands charged hereby, or any part hereof, and may remove any receiver or manager or receiver and manager so appointed by it and appoint another in his stead, and the following provisions shall take effect:

(a) Such appointment may be made at any time after the security shall have been enforceable and either before or after the Chargee shall have entered into or taken possession of the lands or any part thereof but such appointment shall be revoked upon the direction in writing of the Chargee;

(b) Every such receiver or manager or receiver and manager may be vested with all or any of the powers and discretion of the Chargee;

(c) Such receiver or manager or receiver and manager may carry on the business of the Chargor or any part thereof and may exercise all the powers conferred upon the Chargee under this Charge;

(d) The Chargee may from time to time fix the remuneration of every such receiver or manager or receiver and manager provided that the remuneration shall be at existing commercial rates for such services and direct the payment thereof out of the lands or the proceeds thereof;

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(e) The Chargee may, from time to time, require any such receiver or manager or receiver and manager to give security for the performance of his duties and may fix the nature and amount thereof, but it shall not be bound to require such security;

(f) Every such receiver or manager or receiver and manager may, with the consent in writing of the Chargee, borrow money for the purpose of carrying on the business of the Chargor or for the maintenance o the purposes approved by the Chargee and may issue certificates (herein called "Receiver's Certificates) for such sums as will in the opinion of Chargee be sufficient for obtaining upon the security of the lands the amounts from time to time required, and such may be payable at such time or times as the Chargee may determine, and shall bear interest as shall therein be declared, and the receiver or manager or receiver and manager or the Chargee may sell, pledge or otherwise dispose of the same in such manner as the Chargee may deem advisable, and my pay such commission on the sale thereof as to the Chargee may appear reasonable, and in the name of and as attorneys for the Chargor may hypothecate, charge, pledge, charge or otherwise grant security upon the whole or any part of the property Charged hereby, in priority over the security created hereunder, as security for the repayment of the monies borrowed upon such Receiver's Certificates, and interest thereon which security may be granted either at the time or subsequent to the borrowing of the said moneys, and the said monies shall be secured by the security created hereby and shall be a first charge upon the property charged hereby in priority to this Charge;

(g) Save so far as otherwise directed by the Chargee, all monies from time to time received by such receiver or manager or receiver and manager shall be paid over to the Chargee to be held by it on the trust of this Charge;

(h) Every such receiver or manager or receiver and manager shall so far as concerns responsibility for his acts and omissions be deemed the agent of the Chargor and not of the Chargee.

28. Chargee Managing Business

In the event that the security hereby constituted shall become enforceable as herein provided, and the Chargor shall have failed to pay the Chargee the amounts declared to be due pursuant hereto, the Chargee may in its discretion by its officers, agents, or attorneys, enter into and upon and take possession of all or any part of the property Charged hereby, with full power to carry on, manage and conduct the business operations of the Chargor, including the power to borrow monies or advance its own monies for the purpose of such business operations, the maintenance and preservation of the property charged hereby or any part thereof, the payment of taxes, wages and other charges ranking in priority to this Charge and current operating expenses incurred not more than sixty (60) days prior to such taking of possession (and monies so borrowed or advanced shall be repaid by the Chargor on demand and until repaid shall, with interest thereon at the aforesaid rate, form a charge upon the property charged hereby in priority to this Charge) and to receive the revenues, incomes, issues, and profits of the property charged hereby and pay therefrom all its expenses, charges and advances in carrying on the said business operations or otherwise, and all taxes, assessments and other charges against the lands ranking in priority to this Charge, or payment of which may be necessary to preserve the lands together with interest thereon, and to apply the remainder of the monies so received, first in payment of principal and then in payment of interest due and unpaid and interest thereon: Provided that the Chargee shall, if it waives all events of default hereunder, restore the said property and business to the Chargor, and pay to it any balance of income so received after such payment of all amounts due to the Chargee, the security hereby constituted shall no longer be deemed to have become enforceable by reason of the events of default which theretofore existed, but the rights which may arise upon a subsequent event of default shall not be affected thereby.

29. Non-Merger

The Chargor covenants and agrees to and with the Chargee that in case of any foreclosure proceedings or other proceedings to enforce the security hereby created, judgment may be entered against it in favour of the Chargee for any amount which may remain due in respect of this Charge and the interest thereon after the application of the payment of the proceeds of any sale of the said lands or any part thereof. Neither the taking of any judgment nor the exercise of any power or seizure of sale shall operate to extinguish the liabilities of the Chargor to make payment of the principal sum hereby secured or interest thereon; nor shall the same operate as a merger of any covenant herein contained or affect the right of the Chargee to interest at the rate hereinbefore specified; nor shall the acceptance of any payment or other security operate as payment or novation of the Chargor's indebtedness under this Charge or as a reduction of the charges and pledges hereby created, notwithstanding any law, usage or custom to the contrary, and it is further agreed that the taking of a judgment or judgments under provision of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the rate and time as herein provided. No remedy herein conferred upon or reserved to the Chargee is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist at law or in equity or by statute.

30. Dealing with Other Security

The security hereby constituted is in addition to and not in substitution for any other security or the monies secured hereby now or hereafter held by the Chargee. The taking of any action or proceedings or refraining from so doing or any other dealings with any other security for the money secured hereby or the release or reconveyance of any such security or any part thereof to the person giving such security shall not release or affect the charge created by this Charge and the taking of the security herby created shall not release or affect any other security held by the Chargee for the repayment of the monies hereby secured. The Chargee is at liberty to take any action or proceedings separately or simultaneously with regard to this security, any additional security of any collateral security.

31. **Prior Mortgage**

If the Charge should, at any time, be subject to any prior mortgage, charge, agreement for sale or other encumbrance (in this paragraph called the "Prior Mortgage"), the Chargor will pay or caused to be paid as they become due all payments whether for principal, interest, taxes or otherwise under or by virtue of the Prior Mortgage and will otherwise observe, perform and comply with the covenant, provisions and agreement therein contained. Any default thereunder shall be deemed to be a default under this Charge and shall entitle the Chargee to exercise any and all remedies available to the Chargee in the event of default under the Charge. The Chargee may at its option make any payment or cure any default under the Prior Mortgage, and any such payment or cost incurred by the Chargee in curing such default shall be added to the principal amount and shall bear interest at the rate aforesaid and shall be payable forthwith by the Chargor to the Chargee, and shall be secured by the Charge.

32. **Demolition and Alterations**

The Chargor shall not demolish all or any part of the buildings or fixed improvements forming part of the lands without the prior written consent of the Chargee and the Chargor will not proceed with any substantial alteration, remodeling or rebuilding of or addition to any buildings or change in use of the premises without the prior written consent of the Chargee.

33. **Expropriation**

If the lands or any part thereof shall be expropriated by any government, authority or corporation clothed with the powers of expropriation, all monies payable in respect of such expropriation shall be paid to the Chargee and if received by the Chargor, shall be received in trust for the Chargee and forthwith paid over to the Chargee. Such monies shall, at the option of the Chargee, be applied against the indebtedness secured by the Charge or such part thereof as the Chargee may determine.

34. **Extensions**

Provided that the Charge may be renewed by any agreement in writing at maturity for any term with or without an increased interest rate notwithstanding that there may be subsequent encumbrances; and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequently to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

35. **Discharge of Charge**

Upon payment of the principal amount, interest and all other amounts payable by the Chargor under the charge (otherwise than by reason of this paragraph) or at any time when there is no indebtedness or liability of the Chargor to the Chargee, the Chargor may requesting in writing a discharge or an assignment of the Charge and upon payment of all legal and other expenses incurred by the Chargee for the preparation, execution and delivery of such discharge or assignment of the Charge (including the Chargee's usual fee for providing such services) the Chargee shall deliver such document to the Chargor. All such expenses are secured by this Charge.

36. **Fixtures**

The Chargor agrees that all furnaces, boilers, tanks, oil and gas burners, stokers, blowers, water heaters, television antennae, electric light fixtures, sprinklers, machinery, motors, window blinds, screen doors and windows, storm doors and windows, air conditioning ventilating, electrical, plumbing, cooling, lighting, heating, cooking and refrigeration equipment and all apparatus and equipment appurtenant thereto now or hereafter placed or installed upon the lands shall, for the all purposes of this Charge, be fixtures and an accession to the freehold and form part of the realty, whether or not affixed in law to the lands.

37. **Assumption of Charge**

The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or of transfer of title of the property hereby charged to a purchaser or transferee not approved of in writing by the Chargee, which approval may be unreasonably withheld, all monies hereby secured together with accrued interest thereon and any applicable bonus on prepayment shall, at the option of the Chargee, forthwith become due and payable.

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38. **Environmental Provisions**

The provisions of this Section 38, to the extent they are inconsistent with any other provisions of this Charge, shall prevail over any such other provisions:

(a) **Definition of Hazardous Material**

"Hazardous Material" means any contaminant, pollutant or waste and any substance that when released into the natural environment is likely to cause at some immediate or future time, material harm or degradation to the natural environment or material risk to human health and without restricting the generality of the foregoing, includes any contaminant, pollutant, waste, hazardous waste or dangerous goods as defined by applicable federal, provincial or municipal laws or regulations enacted for the protection of the natural environment or human health.

(b) **Representation and Warranties**

The Chargor represents and warrants that as of the date hereof:

i) Neither the Chargor, nor, to its knowledge, any other person, has ever caused or permitted any Hazardous Material to be disposed of, placed, or stored on, in, into, under or through the lands or any part thereof;
ii) Its businesses and assets are operated in compliance with applicable laws, regulations, licenses and permits respecting the protection of the natural environment or human health including, without limitation federal, provincial and municipal laws and regulations respecting the removal and disposal of asbestos and the discharge, deposit, emission, leakage, spill or disposal or of any Hazardous Material (all such laws, regulations, licenses and permits hereinafter referred to as "Environmental Laws");
iii) No enforcement or civil action in respect of any Environmental Law or liability related to an environmental matter is threatened or pending and the Chargor knows of no circumstances that my give rise to such actions in the future; and
iv) The Chargor has not received nor is subject to any notices or orders for violations of Environmental Laws or any claims or demands for remedial action or damages based upon any Environmental Laws and the Chargor knows of no circumstances that may give rise to such actions in the future.

(c) **Survival of Representations and Warranties**

The representations and warranties made above shall be deemed to be repeated as of the date of each advance under this Charge and shall survive the execution and delivery of this Charge and shall continue in full force and effect until all sums owing hereunder are paid in full, notwithstanding any investigation made at any time by or on behalf of the Chargee, provided that the Chargee may, at its discretion, waive any representation and warranty at any time. The Chargor shall notify the Chargee of any change to the representations and warranties set out above and the Chargee may, at its sole discretion, from time to time accept any such changes thereto of which it shall have been notified in writing by the Chargor or waive or vary the requirements for any of the representations and warranties set out above or any part of any representation or warranty, but the Chargee shall have no obligation to do so.

(d) **Further Covenants of Chargor**

i) The Chargor shall use or cause to be used the lands in compliance with all Environmental Laws.
ii) The Chargor authorizes the Chargee to have access to the charged premises to conduct environmental inspections and to conduct all sampling and testing connected therewith.
iii) The Chargor authorizes the Chargee to make good faith inquiries with federal, provincial and municipal governmental agencies respecting environmental matters.
iv) The Chargor shall notify the Chargee of any change in use of the charged premises and any material change to production processes resulting in alternation to the discharge of contaminants, generation of wastes or to the presence of Hazardous Materials on the lands.
v) The Chargor shall, at the Chargee's request, provide the Chargee with a compliance certificate prior to each advance certifying compliance with all representations and warranties.
vi) If the Chargor;
    i) receives notice that any violation of any Environmental Law or regulation may have been committed or is about to be committed by the Chargor;
    ii) receives notice that any administrative or judicial complaint or order has been filed or is about to be filed against the Chargor alleging violations of any Environmental Law or regulation or requiring the Chargor to take any action in connection with the release of any Hazardous Material; or
    iii) receives any notice from a federal, provincial or municipal government agency or private party alleging that the Chargor may be liable or responsible for costs associated with a response to or clean up of any Hazardous Material or any damages caused thereby,

then the Chargor shall provide the Chargee with a copy of such notice within fifteen (15) days of the Chargor's receipt thereof. The Chargee may, at its option, but without any obligation so to do, take any action necessary to remedy any such violation or to comply with any such complaint or order or to undertake any such response or clean up, and any amounts paid as a result of such action shall be immediately due and payable by the Chargor and shall be a charge upon the said lands and shall bear interest in accordance with the provisions of this Charge. Within fifteen (15) days of the Chargor having learned of the enactment or promulgation of any Environmental Law or regulation which may result in any material adverse change in the condition, financial or otherwise, of the Chargor, the Chargor shall provide the Chargee with notice thereof.

(e) **Indemnity re Hazardous Materials**

The Chargor hereby indemnifies the Chargee, its officers, directors, employees, agents and its shareholders and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever, (including, without limitation:

i) the costs of defending and/ or counterclaiming, cross-claiming or claiming over against third parties in respect of any action or matter; and

ii) any costs, liabilities or damages arising out of a settlement of any action entered into by the Chargee with the consent of the Chargor which consent shall not be unreasonably withheld or delayed);

which at any time or from time to time may be paid, incurred or asserted against any of them for, with respect to, or as a direct result of, the presence on or under, or the discharge, deposit emission, leakage, spill or disposal from, the lands or into or upon any other property, the atmosphere, or a watercourse, body of water or wetland, of any Hazardous Material; and furthermore, if the Chargee or its agents or any receiver, manager, receiver-manager, liquidator or similar person takes possession of any of the lands or any improvements thereon or any equipment owned by the Chargor or used by it in connection with the operation of its business (the "Equipment"), or commences proceedings with respect to any of the charged premises any improvements thereon or any Equipment, the Chargor hereby indemnifies and agrees to save harmless each such person in the manner set out above except insofar as the losses referred to above are solely attributable to the acts of such person, it being understood that the indemnifications and agreements of the Chargor set out in this provision shall survive the satisfaction and release of any document providing a security interest in the lands or any improvements thereon or any Equipment and the payment and satisfaction of any indebtedness hereunder; it being the intention that such indemnifications and agreements shall continue in full force and effect s long as the possibility of any such losses, liabilities, damages, costs, expenses or claims exists.

39. Spouse's Consent

The spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the lands to the extent necessary to give effect to the rights of the Chargee under the Charge, and agrees that the Chargee may, without further notice, deal with the lands and the debt created by the Charge as the chargee may see fit.

40. Family Law Act

The Chargor covenants and agrees that

(a) the Chargor or the owner from time to time of the lands will advise and keep advised the Chargee as to whether the Chargor or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F. 3, as amended (the "Family Law Act"), and if so, the name of the Chargor's spouse, and of any change in the Chargor's spousal status or in the status of the lands as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Chargor will furnish the chargee with such evidence in connection with any of the matters referred to in Section 40 a) as the Chargee may from time to time require, including, without limitation, the Chargor's and the Chargor's spouse's name, address and birth date and the Chargor's and the Chargor's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c. V. 4, as amended, to provide the Chargee from time to time on request all information in the Chargor's possession relative to any marriage, divorce or death of the Chargor or the Chargor's spouse.

41. Severability of Any Invalid Provisions

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid or inconsistent with the provisions of any applicable statue, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

42. **No Prejudice From Failure To Enforce Rights**

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee; no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

43. **Farm Lands**

If the lands are farm lands, the Chargor will in each year during the term either put into crop or summer fallow in good, proper and husband-like manner every portion of the lands which has been or may after the date of the Charge be brought under cultivation, and will keep the lands clean and free from all noxious weeds and generally see that the lands do not depreciate in any way.

44. **Condominium**

If the Charge is of a unit within a plan of condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws and the rules, as amended from time to time, of the condominium corporation by virtue of the Chargor's ownership of the lands. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.
(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as the owner of the lands and in the event of the Chargor's default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the lands and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.
(c) The Chargor by the Charge hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the lands to vote or to consent in all matters relating to the affairs of the condominium corporation provided that:
    i) The Chargee may at any time or from time to time give notice in writing to the Chargor and the said condominium corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.
    ii) The Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor.
    iii) The exercise of the right to vote or consent shall not consent shall not constitute the Chargee a Chargee in possession.

45. **Building Charge**

If the Charge is used to finance an improvement (meaning any construction or installation on the lands or any alteration, addition or repair to any building or structure on the lands) then the Chargee may make such advances under this Charge based on the progress in completing the improvement until its completion or in the case of a building, its occupation or sale. The Chargee shall be permitted to retain funds from any advance or advances until the Chargee is completely satisfied that the holdback provisions of the Construction Lien Act, R.S.C. 1990, c. 30 (as amended or replaced) have been complied with. The Chargor authorizes the Chargee to give information about the Charge to anyone who claims a construction lien on the lands. In the event that a construction lien is registered against title to the lands, the Chargee shall have the right but not the obligation, to pay such amounts as may be required to remove such lien from title to the lands. Any amounts so paid by the Chargee, together with all costs, charges, and expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commission, as between a solicitor and its client, shall be added to the principal amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the lands prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

46. **Ontario New Home Warranties Plan Act**

If the Chargee incurs any costs or expenses of any nature or kind in any way arising from or relating to the Ontario New Homes Warranties Plan Act, R.S.O. 1990, c.0.31, as amended (the "ONHWPA") including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the lands or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the amounts secured by the Charge and be a charge on the lands in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the Charge Rate and shall be payable forthwith by the Chargor to the Chargee.

47. Chargor's Quiet Possession Until Default

It is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor peaceably and quietly to have, hold, use, occupy, possess and enjoy the land, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

48. Interpretation

(a) Provided and it is hereby agreed that in construing these presents the words "Chargor" and "Chargee" shall be read and construed as "Chargors" or "Chargees", respectively as the number of the party or parties referred to each case require and the number of the verb agreeing therewith shall be construed as agreeing with the said work or pronoun so substituted; and that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, their administrators, successors and assigns; and that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be binding upon and enure to the benefit of the parties hereto and their respective administrators, successors and assigns, and all such covenants and liabilities and obligations shall be joint and several.

(b) The paragraph headings in these Standard Charge Terms are deemed not to form part of the Charge and have been inserted for convenience of reference only.

(c) Except where otherwise stated, this Charge and everything herein contained shall extend to and bind and enure to the benefit of the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where there is more than one Chargor or Guarantor or there is a female party or corporation, the provisions hereof shall be read with all grammatical changes thereby rendered necessary, and all covenants shall be deemed to be joint and several.

(d) All of the provisions of this Charge on the part of the Chargor to be performed and observed shall be deemed to be covenants and agreements on the part of the Chargor in favour of the Chargee.

(e) The Chargor covenants to observe and perform all covenants, provisos and conditions herein contained on its part to be observed or performed.

(f) If any of the forms of words contained herein are also contained in Column One of Schedule B of the Short Forms of Mortgages Act R.S.O. 1990 c. M.40, and distinguished by a number therein, this Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said act distinguished by the same number, and this Charge shall be interpreted as if the Short Forms of Mortgages Act were still in full force and effect. The implied covenants deemed to be included in a Charge under subsection 7 (l) of the Land Registration Reform Act, R.S. O. 1990 c. L.4, as amended, shall be and are hereby expressly excluded from the terms of this Charge.

49. Additional Provisions

In the event the Chargor shall cease to be a member in good standing of the Chargee, the Chargee may, in its sole discretion and at any time following the said cessation of membership require the Chargor to pay, within three (3) months following said demand, the balance of the principal sum together with interest owing hereunder; and the interest rate applicable at the time of demand by the Chargee shall continue to be charged against the outstanding indebtedness to the Chargee until payment in full is made by the Chargor.

50. Encumbrances

The Chargor covenants and agrees to ensure that throughout the term of this Charge and any renewal or renewals thereof the lands will (except for this Charge) remain free and clear of all encumbrances, liens, mortgages, charges, personal property security interests and other financing, except those in writing approved by the Chargee.

Dated this 8th day of December, 2005.

PENFINANCIAL CREDIT UNION LIMITED

PER: Alan Creighton

VICE CHAIR – A. CREIGHTON

PER:

CORP. SECTRY – R. WYATEN

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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